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Protesters scattering Friday after Indonesian troops fired tear gas and water cannon in Jakarta.

6 Dead on a Bloody Night in Jakarta

Students Clash Again With Police as Parliament Endorses Reforms

By Seth Mydans
New York Times Service

JAKARTA — Students, thugs and soldiers fought pitched battles in the streets of Jakarta on Friday night as Parliament adopted a series of decrees intended to nudge this suffering nation toward a more democratic future.

At least six people were killed and scores were wounded as well-ordered soldiers and riot policemen fired volley after volley above and directly into throngs of demonstrators and into the grounds of a university.

For hours, as Parliament voted to hold general elections next spring and to begin a series of reforms, the streets were filled with shouts and screams and gunfire and tear gas in the worst violence since the riots that helped bring down President Suharto last May.

The gunfire echoed off the glass walls of tall office buildings that — along with the violence itself — are among Mr. Suharto's legacies.

"I am sorry for my country," said Eky, a student journalist. "This is brutal, too brutal. I don't understand why the military is doing this."

There was no clear explanation for the harsh tactics of the security forces. Jakarta was filled with rumors Friday of a possible coup involving the military and civilian opposition politicians that might have used the protests as a pretext.

For their part, the students — joined by a rabble of young men from nearby slums — seemed driven by an unrelenting anger over the abuses of the Suharto years and an impatience with the deliberate pace of Parliament.

"They want things fast," a Western diplomat said as he watched the demonstrators Friday. "They are sick of being poor. They are sick of being at the bottom. And they don't want to wait any longer."

But as the violence continued into the night, it took on a visceral aspect, a bitter struggle between enraged demonstrators and enraged soldiers and police officers.

"The students are crazy now," a plainclothes security officer muttered to a reporter. "Maybe because since the afternoon they have nothing to eat. And

the police are the same. They have gone crazy, too."

Foreign diplomats paced the streets with cell phones to their ears, reporting the action to their embassies. They said they were angered and shocked by what they were seeing.

"What's the game?" said one of them. "What's the objective of this military operation? To wound the students? The kids are inside the campus now. The shooting should stop."

At one point, six truckloads of riot

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U.S. Urges Iraq to Yield And 'End This Crisis'

Baghdad's Defiant Mood: 'They Can't Control Us'

A Fresh Effort by Saddam To Avoid Attack Is Rebuffed

By Howard Schneider
Washington Post Service

By Brian Knowlton
International Herald Tribune

BAGHDAD — Beneath the gently sloped and gilded arches of one of the city's central mosques, cradling the hilt of a sword in his right hand, Sheikh Bakar Samarrae told hundreds of Iraqi faithful Friday not to worry about American or British bombs that might fall on their country in coming days.

Their dignity as a people, in standing up to the United States and standing against more than seven years of economic embargo, is more important than death, he said, and there is no one to fear but God.

"The U.S. must listen to our call. We are a nation. We have dignity. We are fighting for that," Sheikh Samarrae said in a speech at Friday prayers that at once reflected the almost accepting tone many in this city have adopted toward a possible U.S. military strike as well as the determination seemingly set by President Saddam Hussein to make this current stand against world trade sanctions the last.

"If they attack us, we are Muslims. We are not afraid. Just of God," he said.

"They can't control us. They can't guide us."

That mood was echoed in other mosques around the city at the start of the Muslim weekend and in the comments of merchants, shoppers, tea vendors and their customers along busy Akifah Street, where the routines of daily life continued without pause even as, in other parts of the world, steps were being taken in prelude to a possible military assault.

The Iraqi president halted all cooperation with United Nations weapons inspectors two weeks ago, precipitating the current crisis and earning the condemnation of many Arab and other nations that, particularly in the past few months, had begun seeking ways to ease the isolation of Iraq.

The threat of military action against Iraq is being taken seriously enough that the UN on Friday charged an office in Geneva with planning for the possible migration of Iraqi refugees to neighboring countries, identifying food and other resources that could be moved to the region.

"The UN simply wants to be prepared, but not to panic," said Hans von Sponeck, the head of UN humanitarian efforts in Iraq.

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WASHINGTON — As an air and sea armada converged on the Gulf region, President Bill Clinton said Friday that President Saddam Hussein of Iraq still "has it within his hands to end this crisis" by resuming full cooperation with United Nations arms inspectors.

The Iraqi leader made what appeared to be a last-ditch effort to avert a U.S. attack, saying his country was open to diplomatic initiatives if they were coupled to certain "just and balanced demands."

Iraq has called for a comprehensive review of UN sanctions linked to a timetable to lift them.

The White House curtly dismissed Mr. Saddam's suggestion.

"There's nothing new in what he's saying," said Joe Lockhart, the White House spokesman. "There's nothing new, and nothing positive or productive in his recycling the conditions" — conditions that Mr. Lockhart described as "nonstarters."

Separately, Secretary of State Madeleine Albright said that if Iraq does not "reverse course" and resume cooperation with UN inspectors, it will "face the consequences."

Although there were signs that a U.S. attack on Iraqi targets was still several days away "no further warnings are needed," Mrs. Albright said.

In a sharp warning that the United States does not expect the current regime in Iraq to last indefinitely, she also said, "We look forward to working with a post-Saddam regime" and, under new authority granted by Congress, "will step up involvement with opposition groups."

Mr. Lockhart added: "We are willing to work with the opposition groups. We do look forward to a day when we can welcome Iraq back into the international community."

Mr. Saddam was quoted by the official Iraqi News Agency as having said that "Iraq will accept positively any initiative that meets these just and balanced demands." He did not elaborate.

U.S. officials have said repeatedly in recent days that there is no room left to negotiate. But they have also said that Mr. Saddam can end the crisis by opening his country again to

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Brazil Gets \$41.5 Billion to Prop Up Economy

By David E. Sanger
New York Times Service

WASHINGTON — After months of negotiations, the International Monetary Fund and more than 15 wealthy nations announced Friday a package of loans to Brazil totaling \$41.5 billion to stabilize the country's economy and avert a financial crisis.

The IMF, which will contribute \$18 billion to the package, said \$37 billion of the total would be available to Brazil over the next 12 months if needed.

The United States will be the largest single bilateral contributor with a \$5 billion loan, and European Union countries said they would provide \$7.55 billion. The World Bank and Inter-American Development Bank will contribute \$4.5 billion each.

The U.S. contribution constitutes the biggest commitment of taxpayer funds to a foreign economic

crisis since the bailout of Mexico in 1995. The money will come from the Exchange Stabilization Fund, which is under the control of Treasury Secretary Robert Rubin and can be disbursed without congressional approval.

Leading industrial nations will back up the loan agreement with credits worth \$14.5 billion, the IMF said.

Michel Camdessus, the organization's managing director, said the program's primary goal was to deal with Brazil's "chronic" public sector deficit and spur private creditors to "act to help ensure its success."

U.S. private banks and other major lenders to Brazil, who will be among the biggest beneficiaries of any plan that stabilizes the economy, will not contribute directly. Under pressure from the U.S. government, however, they are expected to maintain or expand credit they had been extending to Brazil

until Russia defaulted in August. The move comes four months after a Russian bailout that turned into a financial debacle, wasting \$4.8 billion in IMF funds and touching off a panic among investors who then pulled their money from other emerging markets, including Brazil.

As a result, the success of the Brazil bailout carries considerable risks for both the IMF and the Clinton administration, which have increased the size of the loan package by nearly 50 percent in recent weeks.

Mr. Rubin said Friday that the Clinton administration's decision to participate "reflects our commitment to strengthen the international financial system, guard against financial market contagion and protect America's economic interests."

President Bill Clinton issued a brief written statement lauding the agreement, which he called an

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Clinton Gains New Freedom In Dealing With Saddam

By Joseph Fitchett
International Herald Tribune

PARIS — In its latest showdown with Baghdad, the Clinton administration has acquired a much freer hand by overcoming fears among key allies such as Saudi Arabia and France, minimizing objections from Russia and forging broad international acceptance of military action against Iraq.

The Security Council and the world have made it crystal clear now that this is unacceptable, that none of us can tolerate an Iraq free to develop weapons of mass destruction with impunity," Mr. Clinton said Friday, referring to the decision two weeks ago by the Iraqi leader, Saddam Hussein, to halt weapons inspections. That consensus would make it easier for the United States to spell out tough conditions if Baghdad backed down.

Punitive air strikes by the United States have gained more support than in previous crises partly because the Clinton administration's determination has not been challenged this time by Saudi Arabia, France and Russia. All three governments' reluctance to back U.S. military force undermined Washington in previous showdowns.

Just yesterday, his own neighbors made it clear that this choice is his alone and the consequences his alone if he fails to comply," Mr. Clinton said, citing warnings from eight Arab leaders to Mr. Saddam about the need to resume arms inspections.

The outspoken statement was a major diplomatic boost for U.S. action. Similarly, key European countries have publicly cast Mr. Saddam as the culprit and avoided any public second-guessing about U.S. motives or last-minute diplomatic overtures to Baghdad.

That political solidarity is all the

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A Solution for Schroeder?

Lafontaine in EU Job Could Relieve Chancellor

By John Schmid
International Herald Tribune

FRANKFURT — German leaders were unable Friday to halt speculation, fascination and anxiety over the prospect that Bonn's ambitious finance minister, Oskar Lafontaine, could fill the top job in the European Union.

Confirming rumors that stunned Europe this week, a senior German official said Friday that he had met with a French government minister and broached the idea of installing a German as president of the EU Commission when the job opens in 2000, effectively elevating Mr. Lafontaine overnight into the position of candidate in the eyes of diplomats and commentators.

If Mr. Lafontaine were to become the head of the European Commission, it would relieve Chancellor Gerhard Schröder of the perception that his finance minister is challenging him for authority over his own government.

During an election night, when Mr. Lafontaine stood next to Mr. Schröder and thanked voters for putting their "trust in Gerhard Schröder and me," Mr. Lafontaine has made little effort to conceal his desire to dominate policy in the new government.

For a second day, the chancellery denied that was proposing Mr. Lafontaine for the EU job.

"There is nothing to it," said Uwe-Karsten Heye, Mr. Schröder's spokesman. Mr. Lafontaine, who also dismissed the rumor, endured opposition barbs in Parliament for making himself a "lame-duck finance minister."

Mr. Lafontaine's attempts to expand the powers of the Finance Ministry and install his own loyalists in the cabinet have forced Mr. Schröder to suffer the image of a weakened leader. Der Spiegel, arguably the nation's most influential news magazine, this week ran a cover headline: "Where is Schröder?"

If he goes to Brussels, Mr. Lafontaine almost certainly would be forced to give

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Chancellor Schröder listening to Mr. Lafontaine at the Bundestag.

Divided and Distracted, APEC Prepares to Meet

By Michael Richardson
International Herald Tribune

KUALA LUMPUR — As the Asia-Pacific Economic Cooperation forum prepares to admit three new members on Saturday, before heading into its annual summit meeting next week, the group appears more divided and distracted than at any time since it was formed in 1989.

Such disarray and unimpressive leadership, analysts say, could hardly come at a worse time for the group, which was established to knit together politically and economically diverse countries on both sides of the Pacific. Many of the previously turbocharged economies of

East Asia are reeling under the impact of deepening recession, rising unemployment, shrinking investment and drastically weakened companies and banks.

These regional problems, and their potential for worsening the fragile global financial system, challenge APEC to "adopt a vigorous set of timely, concrete actions to address the crisis," Jane Skanderup, assistant director for programs and development at the Pacific Forum CSIS think tank in Honolulu, said Friday. "If not, APEC is in serious danger of becoming irrelevant."

With the addition of Russia, Peru and Vietnam on Saturday, the organization's 21 members will have, according to 1997 figures, a total combined gross domestic product of \$14 trillion, accounting for about 58 percent of world income and 47 percent of world trade, officials say.

Yet as APEC has become larger, it has also become more unwieldy and fractious. It is now deeply divided over whether open markets are a help or a hindrance in the current crisis, with the world's two largest economic powers — the United States and Japan — lining up on opposite sides of an increasingly bitter and damaging debate.

The U.S. trade representative, Charlene Barshefsky, said Friday that Washington was growing increasingly impatient with Japan on a number of issues, including its resistance to full participation in an APEC fast-track trade liberalization package.

"We had an exceptionally blunt set of interchanges," she said after a meeting with the Japanese trade minister, Kaoru Yosano.

Later, Ms. Barshefsky accused Japan of using aid money to try to buy support for its protectionist position.

"Japan has gone round the region offering assistance in the form of money to countries willing to back away from the initiative," she said. "Japan is actively discouraging countries from lib-

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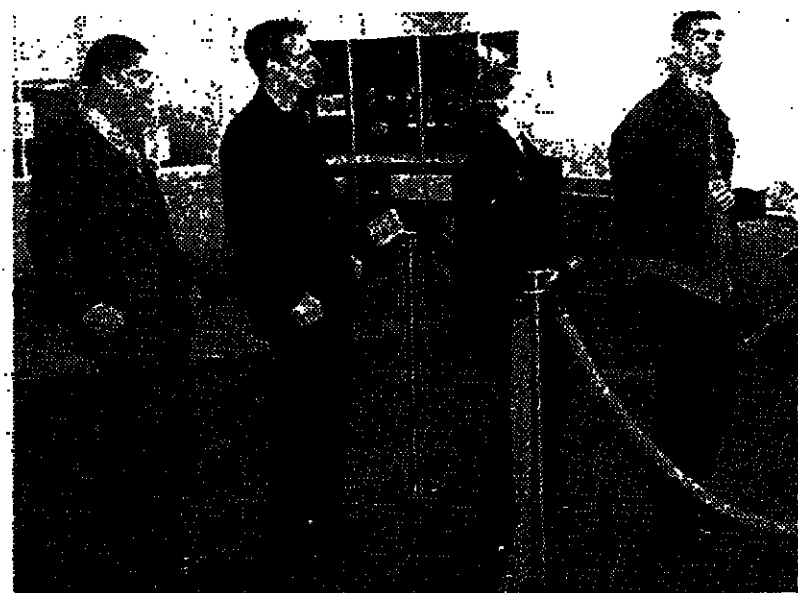
A New Indictment Of a Clinton Friend

WASHINGTON (AP) — The independent counsel, Kenneth Starr, secured a new indictment Friday against a friend of President Bill Clinton's and sent evidence to House impeachment investigators involving allegations by Kathleen Willey that the president made a crude sexual advance toward her in the Oval Office in 1993.

A federal grand jury in Washington charged Webster Hubbell with 15 felony counts, accusing him of lying and engaging in fraud during banking regulators' probe of many of the original Whitewater allegations. Page 4.

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AGENDA



DRESS REHEARSAL — Celebrating his 50th birthday, Prince Charles, left, re-enacted a scene from the movie "The Full Monty" at a party Friday at the Prince's Trust in Sheffield. The movie, about unemployed male Britons who become strippers, was made at the site.

Newstand Prices	
Bahrain	1,000 BQ Mils. 58 c
Cyprus	C £ 1.00 Nigeria 1,250 Ns
Denmark	77 Dkr Oman 1,250 QR
Finland	12.00 FM Cstn 10.00 QR
France	€ 0.85 Rep. Ireland 12.10
Great Britain	UK £1.00 Saudi Arabia 10 SR
Egypt	£ 5.50 S. Africa R118 incl VAT
Jordan	1,250 JD U.A.E. \$ 1.00 Dh
Kuwait	UK \$1.160 U.S. Mkt (Est.) \$ 1.20
Russia	700 Rbls Zimbabwe 2m \$40.00

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Anwar Sues Mahathir, Challenging Dismissal

King Not Told Beforehand, He Charges

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — Anwar Ibrahim, Malaysia's ousted deputy prime minister, filed a lawsuit against Prime Minister Mahathir bin Mohamad on Friday, challenging the legality of his dismissal from government.

Mr. Anwar said that the prime minister did not advise the king, as required by the Malaysian Constitution, before dismissing him as deputy prime minister and finance minister on Sept. 2.

The new case could keep Mr. Anwar's plight in the spotlight just as leaders from both sides of the Pacific arrive in Kuala Lumpur next week for an Asia-Pacific Economic Cooperation forum meeting. His trial on sodomy and corruption charges, which began two weeks ago, has been suspended for the duration of the meeting, from Saturday to Wednesday.

"You don't sack someone and inform the king," Mr. Anwar's lawyer, Karpal Singh, said outside the courtroom where the lawsuit was filed. "Sacking is in the hands of the king on advice, of course, from the prime minister."

In the suit, Mr. Anwar said his appointment as minister by the king had "not been lawfully revoked."

"Accordingly, I am still minister in the Malaysian cabinet," he said.

Although clearly a technicality, Mr. Anwar's lawsuit may resonate among the country's royalty, some of whom remain bitter toward Mr. Mahathir for reducing their powers several years ago.

Mr. Mahathir removed immunity from prosecution for the country's nine sultans and stripped the king, Tunku Ja'afar ibni Abdul Rahman — whose role is largely ceremonial — of the right to delay the signing of bills that have passed through Parliament.

Mr. Karpal, who is one of the country's best known lawyers as well as an opposition member in Parliament, said Mr. Mahathir had eight days to respond to the suit after it was served.

Before political and economic turmoil struck the country, Malaysia had hoped the APEC meeting would be a showcase for the fruits of a decade of rapid economic growth: the Petronas Towers, which are the largest buildings in the world, Southeast Asia's largest airport, and a host of other infrastructure projects that have transformed Kuala Lumpur into a world-class capital.

Instead, Malaysia's urban fears have been overshadowed by its turbulent political landscape, the recent memories of Mr. Anwar's beating in prison and the violent crackdown on street protests.

Mr. Anwar's trial will resume Nov. 23. Seven of 52 prosecution witnesses have taken the stand so far.



Prince Norodom Ranariddh, left, listening to Prime Minister Hun Sen on Friday outside the Royal Palace in Phnom Penh, after the two leaders wrapped up discussions that resolved a three-month political deadlock.

Cambodia Rivals End Political Impasse

The Associated Press

PHNOM PENH — Rival political parties in Cambodia broke a three-month deadlock Friday and agreed to form a coalition government that leaves Hun Sen as sole prime minister.

King Norodom Sihamoni announced the compromise, which will make his son — Prince Norodom Ranariddh — president of the National Assembly.

The deal could pave the way for international donors and businesses to begin operating again in Cambodia.

"The major political crisis in the country has been resolved, and the political deadlock facing the nation has also come to an end," King Sihamoni said.

Prince Ranariddh announced his intention to join the coalition on Thursday before he returned from Thailand.

Mr. Hun Sen's Cambodian People's Party has 64 seats in the 122-member

chamber elected in July, short of the two-thirds majority needed to form a government alone. Prince Ranariddh's party and the opposition leader Sam Rainsy held back their support, claiming the Cambodian People's Party had won by fraud and intimidation.

The issue of who should hold the powerful position of assembly president was a main sticking point in months of discord.

Mr. Hun Sen's finally party dropped insistence on a joint assembly chairmanship shared by Prince Ranariddh and Chea Sim, the current speaker and leader of the Cambodian People's Party.

Instead, the king announced, the constitution will be modified to create a new Senate, which Mr. Chea Sim will head. Mr. Chea Sim will continue to serve as acting head of state during the king's frequent absences from the country.

The parties will decide later how many Senate seats there will be and how they will be divided, and the king initially will appoint the members.

The Senate will serve a mostly advisory role to the assembly, said Pok Than, a negotiator on behalf of Prince Ranariddh.

The agreement came quickly following Prince Ranariddh's return from Thailand, where he had been holed up with other opposition figures for weeks amid fears for their safety if they stayed in Cambodia.

Former battlefield enemies, the two parties have been at loggerheads since Mr. Hun Sen's party narrowly won the parliamentary elections. The vote failed to put an end to instability that followed Mr. Hun Sen's ouster of Prince Ranariddh as co-prime minister in a bloody coup last year.

Italy Arrests Kurd Leader, Long Sought By Turkey

Reuters

ROME — The fugitive guerrilla leader of the Kurdistan Workers Party has been arrested in Rome, the Italian police said Friday.

A police spokesman said Abdullah Ocalan, sought by Turkey for two decades, was detained at Fiumicino Airport at around 10:00 P.M. on Thursday after flying to Rome from Moscow on a false passport.

"He was arrested with the intention of his being extradited," the spokesman said.

Mr. Ocalan, also known as "Apê," has spearheaded a campaign for autonomy in southeast Turkey for the last 14 years during which more than 29,000 people have died.

The Russian Foreign Ministry declined to comment on the report that Mr. Ocalan flew from Moscow.

Mizgin Sen, a European spokeswoman for the political wing of the Kurdistan Workers Party, the National Liberation Front of Kurdistan, said Mr. Ocalan had gone to Italy to request political asylum.

The Italian police declined to disclose the whereabouts of Mr. Ocalan, who is believed to be around 50 and who asked for political asylum in Russia earlier this month.

On Nov. 5, one-third of the Greek Parliament renewed an invitation to Mr. Ocalan to visit Greece, calling him "the leader of the world's most oppressed people."

In October, Turkey threatened Syria with military force if it did not expel Mr. Ocalan, who Ankara said had taken refuge in the country. Turkish authorities said Mr. Ocalan used bases in Syria to launch attacks in the southeast.

The capture of the rebel leader will be seen in Ankara as a major coup against the Workers Party. "Italy should extradite Ocalan back to Turkey," the interior minister of Turkey, Hasan Denizkurdu, told the Kanal D television channel.

BRIEFLY

India and Pakistan Agree on Bus Link

NEW DELHI — Passenger bus service between India and Pakistan will begin in a matter of weeks, Pakistani and Indian officials said Friday after emerging from the most successful talks so far on normalizing relations.

The bus service was a rare point of agreement to emerge from six days of talks that ended with a Friday meeting between Culture Secretary R.V.V. Ayyar of India and his Pakistani counterpart, Syed Roshan Zamir.

For the most part, issues ranging from cultural ties to military exchanges on a Himalayan glacier revealed the gap between India and Pakistan, which both tested nuclear weapons in May. Their main dispute is Kashmir, over which the countries have fought two of their three wars.

Visits between the countries have been restricted by visa refusals and the fact that most trips have to be made by air, too expensive for many. The two sides also agreed to consider granting more visas and arranging sports and cultural exchanges. A spokesman for the Pakistani Foreign Office, Tariq Altuf, predicted bus service would start by the end of the month, after such points as security and taxes are settled.

Kim Rules Out Talks With North Korea

BEIJING — The president of South Korea on Friday ruled out any immediate government negotiations with North Korea in what appeared to be a tempering of his "sunshine policy" to expand contacts with Pyongyang.

"The time is not yet ripe for direct contacts between the governments of

South and North Korea," President Kim Dae Jung said at a news conference in Beijing. "But we hope to continue promoting civilian and economic exchanges."

As recently as Oct. 1, Mr. Kim issued a call for bilateral talks with Pyongyang, saying the door to dialogue was "wide open." He did not elaborate on the apparent shift in attitude but said that despite recent "positive" gestures by Pyongyang, the North continued its military provocations against Seoul.

"There are still some things which we are not at all happy to see," he said, citing the June discovery of a North Korean submarine off the east coast of South Korea and the September launching of a multistage rocket over Japan.

Canadian Province Sues Tobacco Firms

VANCOUVER, British Columbia — The legal war over smoking spread to Canada on Thursday when British Columbia became the first Canadian province to sue the tobacco industry over the health-care costs of cigarettes.

"This is an historic lawsuit that starts British Columbia down the road to addressing the problems caused by smoking," said Ujjal Dosanjh, the attorney general in British Columbia.

The action is modeled on lawsuits filed by 40 states in the United States and accuses Canadian cigarette makers, their international parent companies and several smaller U.S. firms of a conspiracy to cover up the dangers of smoking.

The three largest cigarette-makers in Canada immediately filed their own suit against British Columbia and said they would fight rather than settle what they termed a "cash grab" attempt by the province.

Roman Cabbies Roar at Freeing of Fees and Hours

By Alessandra Stanley
New York Times Service

ROME — Ask cabdrivers in Rome if they like their jobs, and the uniform reply is an operatic screech about the petty bureaucratic rules, clogged traffic, high cost of gasoline and dearth of clients.

But when the mayor of Rome proposed allowing drivers to set their own prices and hours, the answer was a series of strikes that culminated in a four-day citywide work stoppage by taxi operators. On Thursday, hundreds of striking cabdrivers parked in Piazza Venezia in the heart of the city and next to the mayor's office, blocking all traffic.

"This is dictatorship, dictatorship, dictatorship," Carlo Bologna, head of the strike committee, said.

Mr. Bologna, who has taken to using the nom de guerre Spartacus, said the changes would never work and would impoverish drivers. He wore a sling on his right hand, injured during a speech Wednesday when he pounded a desk that turned out to be marble, not wood.

Drivers went back to work Friday but left open the option of resuming the strike. And after a nightlong debate, the city council passed a resolution liberalizing working hours and tariffs, the

mayor's office announced.

Mayor Francesco Rutelli proposed that cabs continue to use a meter to set maximum limits but that drivers be allowed to decide whether they want to waive or lower a drop charge, as well as other extras like a \$3 night charge and baggage fees, to compete for customers. Though there will be a minimum tariff, the city council did not determine it.

Italian taxis are costly even by the standards of other European capitals and New York. The drop rate on the meter starts at \$2.80 in Rome, compared with \$2 in New York and \$2.40 in Paris. Roman taxis, which do not cruise, can almost never be hailed. Customers line up at taxi stands or summon a cab by telephone. The meter starts running when the driver accepts the call, not when they pick up the fare.

Mr. Bologna said the city government was to blame for not taming notoriously clogged traffic. Roman taxi rates soar in stalled traffic, according to city officials, when the charge rises to 50 cents a minute, compared with 20 cents in New York.

The mayor had further infuriated cabbies by saying they should set their own schedules and suggesting that family members be allowed to put in hours driving.

"He wants us to get our wives and children to drive the cab, but my 23-year-old son is about to graduate with a degree in biology," said Giancarlo De Murtas, 57, a 33-year veteran of the trade whose own father was a cabdriver. "I made sacrifices so he wouldn't have to do this job."

The city council resolution allows for shifts varying from a minimum of six hours to a maximum of 24. They now are limited to seven-and-a-half hours.

Walter Tocci, deputy mayor of Rome and its traffic commissioner, said the city had acted only after the Italian antitrust commission determined that Roman cabdrivers operated as a kind of cartel.

"Healthy competition can only help consumers and drivers," Mr. Tocci said. "I'm not a Communist, and every citizen believes that the rules of Adam Smith apply to every economic sector except taxis."

TRAVEL UPDATE

Train Drivers Plan 4 Eurotunnel Strikes

LONDON — Drivers on Eurotunnel trains carrying cars and trucks under the English Channel threatened Friday a series of one-day strikes before Christmas to support their demands for higher pay.

A union that says it includes 96 of the 99 train drivers voted overwhelmingly to hold 24-hour strikes on Nov. 23 and Dec. 2, 9 and 15.

Eurotunnel Group, the tunnel operator,

raised its peak 1999 summer round-trip fare 27 percent to \$279 (\$466), to boost revenue after duty-free shopping ends in June.

(AP, Bloomberg)

Paris Museum Closed

PARIS (AP) — The Musee d'Orsay remained closed Friday for the fourth successive day as personnel voted to extend their strike, complaining about working conditions, officials said.

Employees seek a bonus of 1,600 francs (\$290) for "inconveniences" at the museum of Impressionist art.

British Tabloid Closes the Closet Door

By Sarah Lyall
New York Times Service

LONDON — On Monday, The Sun, the most popular daily newspaper in Britain, printed a front-page editorial warning that Britain was being run by a cabal of gay men and urging gay members of Parliament to come out of the closet as quickly as possible.

On Tuesday, it printed a photograph of Agriculture Minister Nick Brown, who had been identified publicly over the weekend as gay, wearing an unflattering regulation

blue hair net on a tour of a dairy farm.

But Thursday, in the midst of a nationwide debate over homosexuality, public office and the right to privacy, The Sun made perhaps its boldest move of all: It changed its mind.

It said that it had a new policy: It would no longer reveal the identity of any gay man or woman, except in cases of "overwhelming public interest."

What's more, it said, it made the decision, which flies in the face of relentlessly anti-gay reporting and editorial-writing over the years, because of a profound sea change in public opinion.

"Our readers are tolerant of private behavior and find unwarranted intrusion offensive," the paper said, going on to make an unusual (for its pages) plea for even more tolerance. "We hope our declaration will encourage gays to feel more at ease," it said.

"In a perfect world, their

sexuality would then cease to be an issue."

To supporters of gay issues, the announcement was a long-overdue sign that even the most stubbornly anti-gay segments of the British news media were beginning to change.

"It's the most extraordinary example I can remember of the press suddenly realizing that they've been left behind by their readers," said Benjamin Bradshaw, a Labor member of Parliament who is openly gay.

"The Sun has historically been the homophobic tabloid, the one that hated gays, and now they've completely flip-flopped. The tabloids are usually so good at judging their own readership, but they've completely lost it on this."

Jane Reed, a spokeswoman for News International, parent company of The Sun, said she could not explain the turnaround at the paper.

The Sun editorial came after a series of strange

events. First, the cabinet secretary for Wales, Ron Davies, resigned after being beaten and robbed at a park known for being a gay cruising area. Then Matthew Parris, a political columnist, announced during a television interview that Trade Minister Peter Mandelson was gay — something Mr. Mandelson has never publicly discussed.

And then Mr. Brown, the agriculture minister, learning that an ex-lover had given a salacious interview to a Sunday newspaper, announced publicly that he was gay.

The remark on television by Mr. Parris, who happens to be homosexual and a former Conservative member of Parliament, was seen as a gaffe of such proportions that the BBC banned all mentions of Mr. Mandelson's sexual orientation on its stations.

In another unexpected move, the editor of The Sun, David Yelland, announced Wednesday that he was dismissing Mr. Parris.

WEATHER

Europe				Forecast for Sunday through Tuesday, as provided by AccuWeather.				Asia			
Country	High	Low	Wind	Country	High	Low	Wind	Country	High	Low	Wind
Algeria	20/11	12/05	SE	Belgium	15/12	08/02	SE	China	20/11	12/05	SE
Austria	15/12	08/02	SE	Bulgaria	15/12	08/02	SE	India	20/11	12/05	SE
Belgium	15/12	08/02	SE	Czech Rep.	15/12	08/02	SE	Indonesia	20/11	12/05	SE
Denmark	15/12	08/02	SE	France	15/12	08/02	SE	Japan	20/11	12/05	SE
Finland	15/12	08/02	SE	Germany	15/12	08/02	SE	Korea	20/11	12/05	SE
France	15/12	08/02	SE	Greece	15/12	08/02	SE	Malaysia	20/11	12/05	SE
Germany	15/12	08/02	SE	Hungary	15/12	08/02	SE	Philippines	20/11	12/05	SE
Greece	15/12	08/02	SE	Ireland	15/12	08/02	SE	Singapore	20/11	12/05	SE
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Netherlands	15/12	08/02	SE	Poland	15/12	08/02	SE	Vietnam	20/11	12/05	SE
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First Female Speaker? Dunn Tries to Get Close ...

By Edward Walsh
Washington Post Service

WASHINGTON — Some of her friends have long seen Representative Jennifer Dunn, Republican of Washington, as the likely first female speaker of the House of Representatives. But that was speculation that Ms. Dunn did not engage in — not as long as her close ally, Representative Newt Gingrich, Republican of Georgia, occupied the speaker's office.

Now that Mr. Gingrich has announced that he will leave the speakership and Congress, Ms. Dunn has decided to gamble her own leadership post for the chance to move within a step of fulfilling her supporters' prophecy.

Ms. Dunn, vice chairman of the House Republican Conference, is challenging the majority leader, Representative Richard Armitage, Republican of Texas.

The move has placed Ms. Dunn in the hot seat of taking on one of the great sports heroes of her constituents in the upscale suburbs east of Seattle: Representative Steve Largent, Republican of Oklahoma and the former Seattle Seahawks' star wide receiver in the National Football League, who is also challenging Mr. Armitage.

Ms. Dunn, 57, has long been seen as one of the Republicans' best hopes for broadening their appeal to women, and that is one of the arguments she makes in campaigning to be majority leader. "We have an opportunity now to put before the people of the United States a panel of faces that can be as broad as the spectrum within the Republican Party," she said in announcing her candidacy on Monday.

Representative George Nethercutt, also a Republican of Washington and



Representative Jennifer Dunn.

for broadening their appeal to women, and that is one of the arguments she makes in campaigning to be majority leader. "We have an opportunity now to put before the people of the United States a panel of faces that can be as broad as the spectrum within the Republican Party," she said in announcing her candidacy on Monday.

Representative George Nethercutt, also a Republican of Washington and

one of her closest friends in Congress, said Ms. Dunn "respects the principles of the Republican Party and I think will be effective in presenting those principles in a broader way rather than a narrow way."

Although Congress is in recess, Ms. Dunn remained in Washington on Friday, continuing to lobby her colleagues by phone. Heading into the majority leadership showdown on Wednesday, Mr. Armitage was widely seen as having the most support among the three announced candidates, although his aides acknowledged that they are unsure he will have the necessary majority of 112 votes to win election on the first ballot.

If a second ballot is required, the low vote getter will be eliminated as the top two face off.

Ms. Dunn honed her political skills during 11 years as the Washington state Republican chairman, the first woman to hold that post. But her first election to Congress, in 1992, came during a disastrous year for Washington Republicans, who lost every other important race in the state. While Washington state politics remain volatile, her seat appears safe. She won re-election last week with 58 percent of the vote.

Ms. Dunn was born in Bellevue, the daughter of a prominent commercial real estate developer. Her mother is a

descendant of the wealthy Gorton family and she counts Senator Slade Gorton, another Republican of Washington, among her distant cousins.

The divorced mother of two grown sons, Ms. Dunn has a solidly conservative voting record, earning 100 percent ratings from the American Conservative Union and the Chamber of Commerce.

But while she is a fiscal conservative, her mixed voting record on abortion has angered some conservatives. Ms. Dunn does not favor outlawing all abortions and she supported U.S. participation in family planning programs overseas.

She is one of her party's most active and successful fund-raisers and has used her political action committee to funnel campaign contributions to other House Republicans.

When the Republicans took over the House in 1994, Mr. Gingrich rewarded Ms. Dunn by appointing her to the tax-writing Ways and Means Committee.

Earlier this year she considered but decided against a challenge to Senator Patty Murray, Democrat of Washington, who won re-election by defeating Representative Linda Smith, a Republican.

"I really love the House," Ms. Dunn said in 1997. "I hate to think of anything that would cause me to leave the House."

... But Largent Says, Throw It Out My Way

By Edward Walsh
Washington Post Service

WASHINGTON — When Steve Largent, a star wide receiver at the University of Tulsa, graduated in 1976, he was considered too small and too slow to make it in the brutal world of professional football.

Early in his rookie season, he was traded to the Seattle Seahawks by Houston, which asked for only an eighth-round draft choice in return. Nineteen years later, Mr. Largent was inducted into the Pro Football Hall of Fame.

With that background, nobody is underestimating Mr. Largent's challenge to the House majority leader, Representative Richard Armitage, Republican of Texas, for the second-ranking post.

From the moment that he was elected to Congress in 1994 to represent the Oklahoma district that includes Tulsa, Republicans have recognized the value of what they call his "star power" and his telegraphic good looks.

Mr. Largent, 44, has responded by being a tireless campaigner and fund-

raiser for Republicans, especially other members of the class of 1994 who helped the party take over the House and who promised to revolutionize the way business is done in Washington.

But for someone who is a product of what is arguably the supreme team sport, the one thing Mr. Largent has not always been is a team player.

He has clashed often with the outgoing speaker, Representative Newt Gingrich, Republican of Georgia, especially over budget and spending measures, and he has been openly critical of his party's leadership. He was a leading figure in the failed attempt to topple Mr. Gingrich last year.

In one widely reported 1997 incident, when Mr. Largent and 10 other Republicans derailed a spending bill and were called to a closed-door meeting to be berated by the angry speaker, it was Mr. Largent who spoke up for the group.

"You can't intimidate me," he told Mr. Gingrich. "I've had linebackers who wanted to kill me."

Mr. Largent grew up in a poor family in Oklahoma City. His father abandoned the family when he was a



Representative Steve Largent.

boy and his mother later married an alcoholic who moved the family frequently, finally settling in Tulsa.

A deeply committed Christian con-

servative and outspoken critic of homosexuality, Mr. Largent is one of the House's most conservative members, earning a 100 percent rating from the American Conservative Union during his first two years in Congress.

Married and the father of four children, Mr. Largent had no political experience when he first ran for office and has said that he intends to leave the House after 12 years. He has proven adept in politics, winning re-election to a third term last week with 62 percent of the vote.

Mr. Largent was a fierce advocate of the "Contract With America," the Gingrich-inspired set of promises that drove the Republicans' successful campaign to capture control of the House in 1994. But after only two years in the House, he was already expressing disillusionment.

"We don't have a bold game plan," Mr. Largent said at the time.

"You just get this creeping feeling that either people were not very serious about the 'Contract With America' and the 1994 election, or we're somehow sliding back to where we came in."

U.S. Mideast Envoy Returns to Prod Both Sides

Jerusalem — Dennis Ross, the U.S. special envoy, returned to the Middle East on Friday to try to coax Israel and the Palestinians into keeping their new interim peace deal on track.

Mr. Ross had been planning his mission for more than a week, but his travel was delayed until Israel's cabinet approved the land-for-peace deal that was signed at the White House on Oct. 23 after nine days of U.S.-brokered negotiations.

Israel's cabinet narrowly approved that accord this week but attached a string of conditions that could undermine full implementation.

The conditions include a demand that, when it meets in mid-December, the Palestine National Council, the Parliament-in-exile, vote to scrap clauses in the 1964 Palestinian charter calling for Israel's destruction.

"It is not accurate to say that the PNC will meet to hold a vote on amending anti-Israeli

articles in the Palestinian National Covenant," said a spokesman for the Palestinian president, Yasser Arafat.

Mr. Ross will meet with Prime Minister Benjamin Netanyahu of Israel and Mr. Arafat during his stay, which a U.S. official said would last "a few days."

The mission coincides with mounting tension in the West Bank following moves by Israel to begin building more than 1,000 houses at a Jewish settlement site on the edge of East Jerusalem, the Arab quarter of the city.

The Israeli Army said it had imposed a curfew on a market area of the divided West Bank city of Hebron where a grenade was thrown at soldiers. The grenade did not explode, an army statement said.

In Nablus, Palestinian police officers fired shots in the air and forcibly dispersed demonstrators at a rally called by the Muslim militant movement Hamas to protest the new ac-

cord, according to witnesses. There were no reports of injuries.

Airport Near Opening

A Palestinian airport, a symbol of independence, is ready to open, the head of the Palestinian Civil Aviation Authority said Friday after an operations drill with Israeli officials, according to The Associated Press.

Yasser Arafat International Airport in the southern Gaza Strip was to have opened last week as part of the peace agreement. It fell behind schedule when the Israeli cabinet held up ratification of the accord by two weeks.

Mr. Netanyahu has said that the airport will start operating next week, but has not set a date.

On Thursday, Israeli and Palestinian officials staged a four-hour drill, said Faysel Zeidan, head of the Palestinian Civil Aviation Authority.

Gerald Long, Who Transformed Reuters, Dies

By Sarah Lyall
New York Times Service

LONDON — Gerald Long, who as general manager of Reuters news agency in the 1960s presided over its transformation from a hand-to-mouth wire service to a profitable, computer-age news organization, died in Paris on Nov. 8, Reuters said. He was 75.

When Mr. Long took over at Reuters in 1963, the agency was just breaking even, and Mr. Long soon determined that if it were to compete it would have to turn a profit and make itself truly international. "Reuters's central purpose is to achieve the highest standards of excellence in the provision of news services, and information and communications systems," he told the board. "To maintain this purpose, Reuters must be profitable."

Mr. Long was born in York, the son of a literary-minded mail carrier who encouraged him to pursue his education. After graduating from Cambridge, Mr. Long joined the army, where he was assigned to the intelligence corps and eventually sent to Germany to help set up German newspapers after the war.

He joined Reuters in 1948 and quickly rose up the ranks. In 1964, a year after he took the top job, Reuters signed a contract with an American computer company under which the company would provide computers, and Reuters would

provide information about the stock and money markets, to subscribers. The venture was wildly successful and made Reuters a major force in the dissemination of financial information to the world business community.

In 1967, the company made another bold move, setting up its own independent reporting arm and severing its cooperative ties with The Associated Press and Dow Jones, on which it had depended for news and financial information. Six years later, Mr. Long was made the managing director of Reuters.

Mr. Long left the company in 1981 and, after a brief and unsuccessful stint with the Times of London, retired to France.

Beriosova, Ballet Star, Dies of Cancer

LONDON (AP) — Svetlana Beriosova, 66, a ballet star who danced across many of the world's stages, died of cancer Tuesday.

A daughter of the Lithuanian ballet master Nicholas Beriozoff, Miss Beriosova was born in 1932 and grew up following her father as he moved to ballet companies throughout Europe and the United States.

Her own dancing career began in New York in 1941 when she appeared with Leonide Massine's Ballet Russe de Monte Carlo as Clara in "The Nutcracker." Her professional debut as an adult came in 1947 in "The Nutcracker" and "Les Sylphides" with Canada's Ottawa Ballet.

Miss Beriosova joined the Sadler's Wells Theatre Ballet, in London, in 1949, and remained with the company until her retirement in 1975.

Miles Pennybacker, 97, who helped start the Raytheon Company in 1925 and two years later founded Votac Tubes, a neon-tube manufacturing company, died Monday in Madison, Connecticut.

The Associated Press Is Returning to Cuba

HAVANA — The Cuban government has approved the reopening of The Associated Press bureau in Havana. Approval came from the Foreign Ministry during a visit here by a delegation of senior officials of the news agency.

Louis Boccardo, president and chief executive officer of the U.S.-based agency, said that it hoped to have the office open within weeks. The agency was forced to close its Havana bureau in 1969 when its last permanent correspondent was expelled.

New Dinosaur Unearthed

Skeleton Shows 'Suchomimus' Was the Size Of Tyrannosaurus — With Jaws of a Crocodile

By Curt Supplee
Washington Post Service

WASHINGTON — From beneath the sand dunes of western Africa, fossil hunters have unearthed a previously unknown species of dinosaur: a 100 million-year-old predator the size of a city bus with huge, hook-shaped thumb claws and a snout like a mutant crocodile.

At 36 feet long and 12 feet high (11 meters long and 2.8 meters high), with an estimated weight around 5 tons, *Suchomimus tenerensis* was at least as big as the average Tyrannosaurus. But its lifestyle was considerably different, as it presumably preferred a diet of fish.

"It's a dinosaur trying hard to be a crocodile," said Paul Sereno of the University of Chicago, who led the international 15-person expedition that discovered the creature's remains in remote central Niger late last year.

The find adds a striking new specimen to a rare and mysterious splinter group of dinosaurs — the long-snouted, narrow-mouthed spinosaurs — of which only three fragmentary examples were known before Dec. 4, 1997, when an expedition member, David Varricchio, came across what looked like a spinosaur thumb claw.

It was just sitting there, "exposed over the course of centuries by wind and sand, waiting for anybody to discover it," Mr. Sereno said. If the rest was nearby, the world would "have a chance to see finally

what one of these strange, fish-eating predators looked like."

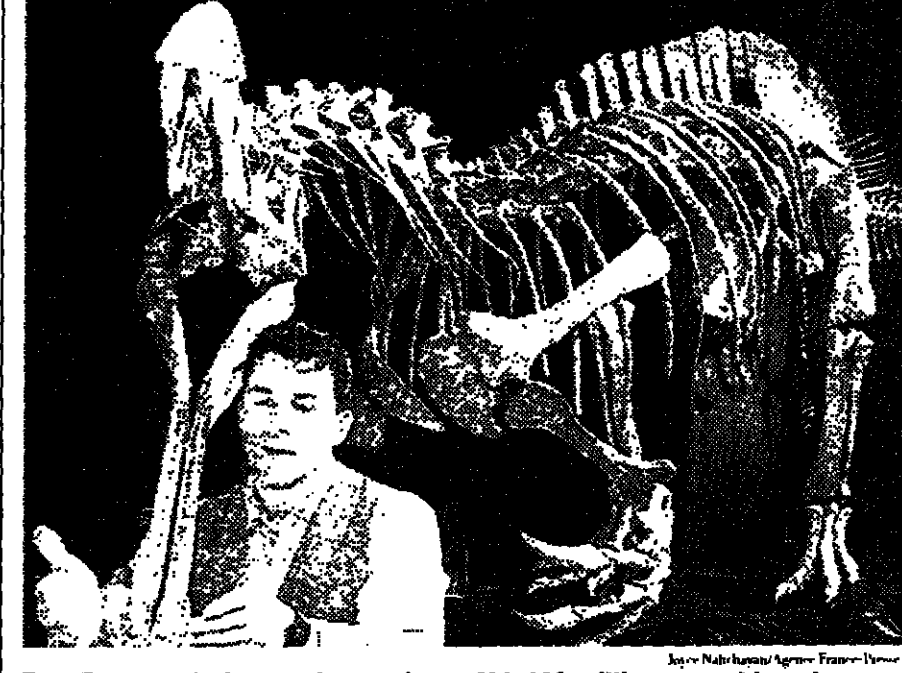
His group began digging. Dozens of tons of rock and dirt later, they had amassed 400 pieces of bone, yielding a 70 percent complete skeleton, including the hugely powerful four-foot-long forelegs with bones several inches thick and three claws on each limb. "That's the strongest forelimb of any predatory dinosaur," Mr. Sereno said.

The results, including a full-scale skeletal model, were displayed at a news conference at the National Geographic Society. The find is reported in the current issue of the journal *Science*.

Several tantalizing spinosaur fossils had been found in central Niger since the 1950s. Large expeditions, however, have been few. The Tenere Desert is one of the more forbidding landscapes on Earth, a bleak expanse of sun-parched migratory dunes and exposed rock strata.

But during the mid-Cretaceous period, when *Suchomimus* was flourishing, it was positively lush. *Suchomimus* "shared the environment with huge crocodiles, 50 feet long," Mr. Sereno said. "Their skulls alone are six feet long."

Suchomimus — from the Greek for "crocodile-mimic" — belongs to the familiar theropod group of bipedal carnivores that includes Tyrannosaurus and Velociraptor. It seems likely that *Suchomimus* and the three other known spinosaurs evolved long, thin mouths and conical teeth to snatch and hold fish or possibly small terrestrial dinosaurs.



Paul Sereno pointing out the long jaws of his 100-million-year-old predator.

POLITICAL NOTES

Washington State, Nonaffirmatively

SEATTLE — Now that Washington voters have approved the second ban on affirmative action in the United States, after a campaign as divisive as any the state has ever seen, the real ordeal begins.

With less than a month to dismantle policies that they have followed for decades, many officials "sound uncertain, even defiant, about how to interpret the new law."

If followed to the letter, it will affect hiring and contracting in every state, county and local government agency and admissions at every public university.

The University of Washington has announced that it will no longer consider race or gender as factors when choosing students, abruptly ending a strategy adopted in the 1960s. The measure, known as Initiative 200, passed with 58 percent of the vote. It prohibits "discriminating or granting preferential treatment" to anyone in Washington based on race, ethnicity or sex. It does not affect federal programs or private employers. (WP)

Democrats Weigh 3 Convention Sites

WASHINGTON — The field of possible host cities for the 2000 Democratic National Convention has been narrowed to Boston, Denver and Los Angeles. The Democratic National Committee's site-selection panel endorsed the three finalists by unanimous voice vote on Thursday, eliminating Miami, Minneapolis and New Orleans from consideration.

The Republicans last week chose Philadelphia for their convention in July 2000. The Democratic convention will be held in August 2000. Steve Grossman, the national chairman of the Democratic National Committee and a Boston native, and Governor Roy Romer of Colorado, the committee's general chairman, will pick a winner later this winter. (AP)

Quote/Unquote

Lewis Merletti, who is retiring as director of the Secret Service, on his new job as director of security for the National Football League's Cleveland Browns: "The Secret Service is about teamwork. Football is teamwork. The Secret Service goal is to preserve the American way of life. Football epitomizes the American way of life." (NYT)

Away From Politics

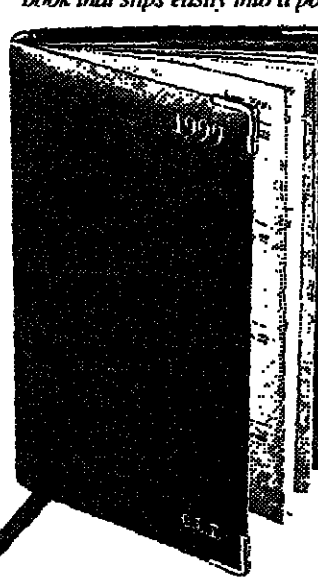
• The university tower in Austin, Texas — from which a sniper, Charles Whitman, killed 16 people in a 1966 rampage — will be reopened to the public for the first time in more than two decades, school officials said. The reopening will take place next spring after the open-air observation deck atop the 230-foot tower is fitted with security bars, said Larry Faulkner, president of the University of Texas. The school's board of regents voted unanimously to go ahead with the proposal, which was suggested by the student body (Reuters)

• The city of Chicago has sued manufacturers of handguns and suburban gun shops, contending that the industry has created a public nuisance by arming drug dealers, gang members and other felons in a city where nearly 500 people die each year from gunshots. (AP)

• A glaucoma patient would have to smoke a marijuana cigarette every two hours, or about 4,000 a year, to receive any medical benefits from the drug, a study published by the journal Archives of Ophthalmology said. (AP)

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INTERNATIONAL

Starr Charges Former Aide Of Clinton's On 15 Counts

The Associated Press

WASHINGTON — The independent counsel, Kenneth Starr, secured Friday a new indictment against a friend of President Bill Clinton's and sent evidence to House impeachment investigators involving allegations by Kathleen Willey that the president made a crude sexual advance toward her in the Oval Office in 1993.

A federal grand jury in Washington charged Webster Hubbell with 15 felony counts, accusing him of fraud, perjury and "corruptly impeding" federal banking regulators' investigation of many of the original Whitewater allegations.

The charges, the third time Mr. Starr has accused the former associate attorney general of wrongdoing, carry a maximum of 110 years in prison and \$4 million in fines. The accusations include that Mr. Hubbell committed perjury before the House Banking Committee during Whitewater hearings that were televised nationally.

House impeachment investigators have been waiting to see what action Mr. Starr might take in the matter to see if it would affect their inquiry.

The fresh evidence concerning Mrs. Willey that was sent by Mr. Starr to the House Judiciary Committee does not amount to a formal referral accusing Mr. Clinton of wrongdoing, as the one Mr. Starr sent in September did.

Instead, it allows the committee to determine whether Mrs. Willey's allegation of sexual impropriety against the president should be included in the inquiry, according to sources familiar with the transcript who spoke only on condition of anonymity.

The sources said that the new information included testimony of key witnesses and other evidence from the Willey investigation that had been left out of Mr. Starr's earlier referral, which accused Mr. Clinton of 11 offenses that Mr. Starr contends are impeachable.

Mrs. Willey and several of her friends testified before Mr. Starr's grand jury. Mr. Starr has been investigating whether Mr. Clinton lied under oath when he denied making a crude sexual advance toward Mrs. Willey during a 1993 encounter in the Oval Office, and whether others tried to intimidate the former White House volunteer after she went public with her allegations.

By sending the Willey evidence to Capitol Hill, Mr. Starr may be signaling he plans no further action against possible targets in the investigation.

She later became a witness in Paula Jones's sexual harassment lawsuit against him and testified before the grand jury investigating President Clinton's relationship with Monica Lewinsky.

Mrs. Willey told her story publicly in an interview on CBS' "60 Minutes" last March in which she graphically described Mr. Clinton's alleged advance. The president has adamantly denied the allegations.

After months of focusing on the Monica Lewinsky inquiry in Washington, the new indictment harkens back to many of the original charges Mr. Starr spent four years investigating in Arkansas as he unraveled a complex web of transactions between the Rose Law Firm, where Mr. Hubbell and Hillary Rodham Clinton worked, and the failed savings and loan run by the Clintons' Whitewater business partners.

BRIEFLY

Peres Will Head Volkswagen Fund

BERLIN — Shimon Peres, the former prime minister of Israel, was named Friday to head a council overseeing a 20 million Deutsche mark (\$12 million) fund to compensate former slave laborers used by Volkswagen during the Nazi era.

The group, which met in Berlin, also includes former Chancellor Franz Vranitzky of Austria and the former president of Germany, Richard von Weizsäcker.

Distribution of funds was discussed, according to a statement by Volkswagen, but it did not say when payments would start or how much they would be. When announcing the fund last September, the car company said it hoped to begin distribution this year.

Volkswagen estimates 17,000 forced laborers worked in its factories between 1941 and the end of the war, although others say the number was much higher. (AP)

Support Is Voiced For Turkish Leader

ANKARA — The leader of the second party in Turkey's minority coalition said Friday that he would help Prime Minister Mesut Yilmaz fight off attempts to remove him from office over alleged government corruption.

"We have absolutely no intention of withdrawing from the government," Deputy Prime Minister Bulent Ecevit said.

His support does not guarantee the government's survival. Another crucial supporter of Mr. Yilmaz in Parliament, Deniz Baykal, withdrew his backing for the government earlier this week. (Reuters)



A man transporting containers in Baghdad on Friday. Iraqi citizens were stocking up on water and gasoline.

BAGHDAD: Used to Conflict, Iraqis Show Little Fear of Reprisal

Continued from Page 1

"The UN is doing this in a quiet way to get the act together."

All of the approximately 120 members of the UN weapons inspection team left Baghdad early in the week. They were followed by about three-fourths of the 200 Baghdad-based employees of UN food, health and other humanitarian programs.

UN employees in the Kurdish-controlled north remained, as did those in the south.

Though the arms monitoring program is in limbo, Mr. von Sponeck said, the remaining employees plus contractors are enough to run the UN oil-for-food program, inspecting the export of about 2 million barrels of oil a day from Iraq, and helping with the distribution of food, medicine and other humanitarian goods obtained with the proceeds.

That level of export represents the highest in years for Iraq, and though falling oil prices have depressed the value of the exports, UN officials say Iraq had begun to make progress in easing some of the health, nutrition and other problems that have plagued the country since the Gulf War.

Between the destruction caused by the war and the effects of the embargo, the

once relatively high standard of living in Iraq plummeted to levels on a par with sub-Saharan Africa.

Whatever improvements might be reflected in UN statistics, however, are not yet registering on the street, where there

There is a sense of genuine frustration with nearly 18 years of conflict and falling living standards.

was as much exasperation with the economic embargo as there was fear of a military strike.

In small tea-houses and among clusters of shoppers, no one said they had taken any precautions, such as buying extra food or trying to shockproof windows with masking tape, against a military strike.

Likewise, people typically agreed that Iraq has been left little choice but to stand up against the economic embargo.

Such unanimity of thought might be expected in a country where outside news sources such as CNN are tightly

restricted and the official media will, for example, trumpet a defiant call by Iraqi leaders for Arabs to unite but not mention that most Arab states in this case are united — in their condemnation of the Iraqi position.

Yet there is also a sense in their comments of genuine frustration with nearly 18 years of conflict and falling living standards, first during the decade long war with Iran, and then after the invasion of Kuwait.

With no hope in sight that sanctions would end soon if Iraq continued cooperating with the weapons inspectors, put in place to oversee the dismantling of biological, chemical and other weapons after the Gulf War, some on Akifah Street said, Iraq's decision was logical.

"This is our right, to stop the cooperation," Kadum Ader said, a statement that drew murmurs of assent from the early afternoon crowd at a Baghdad tea-house. "If Iraq stays on its decision, America will attack, and it will mean death for people," Kadum Ader said, but "there has been no guarantee that they will ever end the embargo."

Amar Abdel Jareed agreed. "I am with this decision because since eight years the inspectors were here, but no results."

"No results. No hope."

ALLIES: Clinton Administration Gains a New Freedom in Dealing With Saddam

Continued from Page 1

Clinton administration needs from its allies, U.S. officials said Friday, as U.S. bomber reinforcements began arriving in the Gulf.

"This is not George Bush's war and this administration does not have a tin cup," a White House aide said dryly. Pushing Iraq out of Kuwait in 1991 required troops and air power from dozens of Arab and Western nations in a U.S.-led coalition.

The official said that allied countries, which he declined to name, have offered to contribute militarily. But coalition warfare would bring complications, including higher risks of deaths by friendly fire, and for the moment Washington has told other countries it feels it can carry out air operations alone.

The exception is Britain, where the government of Prime Minister Tony Blair has pressed the U.S. view that military force ultimately may provide the only way of ending what Defense

Secretary William Cohen calls the "game of hide and seek" with Iraq over its weapons programs. A British role, even small, would reflect Mr. Blair's emerging strategic aim: to prepare British forces to intervene in distant crises along with United States or in a European coalition.

Britain has 12 Tornado fighter-bombers in Kuwait that would join U.S. warplanes in pounding suspected Iraqi industrial installations once Iraq's air defenses were eliminated by cruise mis-

IRAQ: Saddam Told He Can Avert Attack

Continued from Page 1

unrestricted inspections by UN experts.

It was not clear what words or actions by Iraq would be sufficient at this point to halt attacks by the huge military force the United States is amassing in the Gulf region.

"The administration is looking for Saddam Hussein to demonstrate that he's interested in allowing Unscout to do their work unfettered and without condition," Mr. Lockhart said, referring to the UN arms inspectors.

"I can't tell you precisely how he could do that."

The last of the UN inspectors left Iraq on Wednesday amid concerns for their safety in the event of an attack.

Fearing retaliation against American citizens, the State Department suggested Friday that those traveling abroad "vary routes and times for all required travel and treat mail from unfamiliar sources with suspicion."

Efforts to find a diplomatic solution were continuing Friday, but most UN Security Council members appeared resigned to the likelihood of attacks.

The Russian, French and Chinese ambassadors to the United Nations, all representing countries that have opposed the use of force against Iraq, requested a meeting Friday with the UN secretary-general, Kofi Annan, before a meeting of the full Security Council.

Mr. Annan has indicated no intention of undertaking a new peace mission to Baghdad but has ruled one out. Aides say he felt stung by Iraq's failure to comply with terms of the accord he hammered out with Mr. Saddam in February.

News agencies reported that Mr. Saddam has had extensive contacts with President Boris Yeltsin of Russia in recent days.

On Friday, Mr. Saddam spoke with the Russian ambassador, Nikolai Kar-touzov, who delivered letters from Mr. Yeltsin and Prime Minister Yevgeni Primakov.

Russia and China have urged the Security Council to ease the sanctions imposed on Iraq after the Gulf War in 1991 as a reward to Baghdad for its compliance to date and to alleviate suffering among civilians.

But comments by Mr. Clinton, Mrs. Albright and others indicated that the United States was fast locking itself into a starkly clear set of choices: either Mr. Saddam backs down or he risks powerful and sustained attacks.

The message to Mr. Saddam is clear, Mrs. Albright said: "He needs to rescind publicly his decision" not to cooperate with the arms inspectors.

Mr. Clinton said he had not given up

all hope of a peaceful resolution. He added, however, that the international community cannot "tolerate an Iraq free to develop weapons of mass destruction with impunity."

Asked about the possibility that heavy damage to targets in Baghdad and central Iraq could encourage separatist sentiment in the north and south, Mrs. Albright said that the United States remained "committed to Iraqi territorial integrity."

By turning its back on diplomatic solutions and defying UN resolutions that have condemned Iraq and demanded cooperation with weapons inspectors, Mr. Clinton said, Iraq had made it "plainer than ever its real goal is to end the sanctions without giving up its weapons of mass destruction programs."

That approach, he said, was unacceptable.

Mrs. Albright said that U.S. and other allied officials had pursued a diplomatic solution for months, leaving "every option on the table."

"Unfortunately, one by one, the diplomatic options have been rebuffed," she said.

She used unvarnished language when she was asked about Iraqi instances that they had attempted to cooperate with the arms inspectors.

The Iraqis, she said, were "blaming everyone else but themselves for concealing what is going on or not allowing Unscout to do its work." This, she said, was "completely disingenuous and dishonest and despicable."

Pentagon officials said, meanwhile, that an attack could come at any time.

But if the United States wants to sustain heavy attacks for several days, some officials have hinted is likely, forces already in the region would need to wait for reinforcements now on their way.

Most of the 129 additional planes ordered to the Gulf by Defense Secretary William Cohen will not arrive before Monday or Tuesday. The naval reinforcements and 3,000 ground troops could take a week longer.

JAKARTA: Violence and Decrees

Continued from Page 1

police officers drove slowly past the grounds of Atmajaya Catholic University, standing and firing their weapons from the back. The bright yellow muzzle flashes twinkled in the dark.

Later they formed a tight line about 27 meters (90 feet) from the university's fence and began firing point blank into its grounds from behind their tall plastic shields.

"Balls, bullets, screams and wept in fear," dozens of casualties were laid out on the floor of a central building, where medical workers performed emergency operations without anesthetics.

"It hurts, it's hot!" moaned a young student named Imelda, who had a gunshot wound to her inner thigh. "Jesus Christ, help me, I don't want to die!"

Students shouted and wept in shock, anger and fear. They washed their faces with wet rags to clear away the tear gas. "You are killers! You are dogs!" they shouted from behind the white iron fence that surrounds the campus.

Small white ambulances with small red flashing lights drove back and forth through the night, in and out of the university grounds, as the fighting surged around them. In the light of small gasoline bombs, demonstrators danced and taunted the lines of troops, running forward occasionally to hurl stones and then retreating.

Suddenly, unexpectedly, at about the hour the Parliamentary session came to an end, a police officer walked into the no-man's land outside the university's gate. He stood amid the rubble of stones and bits of brick and offered a truce.

Students poured from the university and embraced the startled riot policemen, some trying to kiss them through their heavy visors.

Soon, the students and the policemen were sitting on the ground together in the thin yellow light of the street lamps. They sang the national anthem.

Reform Decrees Are Passed

Pressed by the protests raging outside, the 1,000-member People's Consultative Assembly on Friday endorsed a new government blueprint for the nation, news agencies reported from Jakarta. The assembly also named Mr. Suharto in a decree demanding a major government crackdown on corruption under his 32-year rule.

As thousands of troops and police patrolled outside, the assembly voted unanimously to pass 11 of 12 reform decrees. A 12th decree passed, 784 to 123, after a lengthy debate — the first time in three decades that the assembly failed to reach total agreement on an issue.

It backed a plan by President B.J. Habibie to hold parliamentary elections in May or June and to open the ballot to a wide range of new political parties. It set no election date, however.

Assembly members, many of them holdovers from the authoritarian Suharto era, hailed the decrees as major reforms, pointing to their demands for greater human rights and economic restructuring.

But students and other critics said they did not represent major democratic change and only entrenched the power of the status quo, including Mr. Habibie, the military, and the ruling Golkar Party.

The approval Friday of a new political blueprint for Indonesia comes as the country battles its worst economic crisis in decades. Inflation, unemployment and poverty rates are soaring.

The assembly's aim for total consensus stumbled when the Islamic-oriented United Development Party refused to put its name to a decree calling for only a gradual reduction of the 75-seat military representation in the 300-seat Parliament. (AP/Reuters)

LAFONTAINE: Moving Finance Minister Could Aid Schroeder

Continued from Page 1

up his chairmanship of the Social Democratic Party to avoid conflict with the obligation to represent wide European interests. Mr. Schroeder would be the natural successor as party leader and finally seize the controls of the party apparatus that has made him dependent on Mr. Lafontaine.

If Mr. Schroeder controlled the party, "his chancellorship could begin in earnest in the year 2000," the Frankfurt Allgemeine Zeitung wrote on its front page Friday. The newspaper Die Welt said, "The power struggle between Schroeder and Lafontaine has gone into the next round."

Associates of Mr. Lafontaine said the prospect of his candidacy was plausible but far from decided.

"He has not yet thrown his hat in the ring, but is showing that he has a hat," a

party official said. Mr. Lafontaine also is known for wavering during his past career decisions.

"Lafontaine's psychology is very complicated," in the words of one Bonn strategist.

Confirming that the idea of proposing Mr. Lafontaine for the EU commission had been discussed, the German deputy foreign minister, Guenter Verheugen, told the Frankfurter Rundschau newspaper that he had "abstractly" sounded out the French minister for EU affairs, Pierre Moscovici, over dinner recently in Paris. After rumors surfaced of the meeting, Mr. Verheugen objected that the topic consumed merely a minute of conversation.

It was the French, who are known to be fond of Mr. Lafontaine's traditional brand of socialism, who actually tossed Mr. Lafontaine's name into the ring, according to Mr. Verheugen. "Are you

thinking of Lafontaine?" Mr. Moscovici replied, according to Mr. Verheugen.

The European policy spokesman for the Social Democrats, Klaus Haensch, said Mr. Lafontaine would be "a good man" for the EU's chief executive.

Significantly, Mr. Verheugen is closer to Mr. Schroeder than Mr. Lafontaine. To German commentators, the move only underlined Mr. Schroeder's eagerness to distance himself from "the Napoleon of the Saar," as the ambitious Mr. Lafontaine is known.

Less than three weeks into the job of finance minister, Mr. Lafontaine already has unsettled the financial world by trying to impose his views on the supposedly apolitical management of the euro and the interest rates and exchange rates that underpin it and guide Europe's economy. In the process, he is feuding in public with the European Central Bank, which by statute enjoys political autonomy.

ART

London Strikes Back: An Irresistible Force?

Dealers and Auction Houses Join Together for 'Asian Week'

By Souren Melikian
International Herald Tribune

LONDON — London has taken up the gauntlet thrown by New York in the world arena for prominence in the Asian art market.

Raising their "Asian Week" flag as of Saturday, when the Chinese works of art to be sold on Monday and Wednesday at Christie's and Sotheby's go on view, the world's most powerful dealers in the field and the two foremost auction houses acting in unison, have launched a multipronged offensive. The immediate objective is to make the Asian art scene in London irresistible and to demonstrate that it enjoys an unrivaled pool of expertise and connoisseurship in that area. To that extent, London's latest attempt at regaining its Asian position is a success.

The string of dealer shows around town is remarkable. It takes a connoisseur's eye trained over a lifetime of intercourse with Chinese art to line up as Jules Speelman does at 129 Mount St. a monumental Tang marble figure of Buddha, still admirable despite the loss of its head, hands and feet; one of the greatest gilt bronzes produced in the 11th or 12th century in the enigmatic kingdom of the Khitan people under the Liao dynasty, and some stunning cloisonné enamel vessels of the early 15th century.

Around the corner at 1 Davies St., the theme is Japanese. Barry Davies displays in partnership with the Mita Art Gallery of Tokyo, the Japanese prints amassed by David Caplan, a gem dealer in Tokyo who became one of the world's four leaders in the Japanese print trade. There are some rarities — Kaigetsudo Dohan represented by a "Standing Courtesan" is an all but unobtainable "primitive" of the 17th century. Displayed in quickly rotating batches until Dec. 4, the 245 prints illustrated in a superbly produced cat-

logue make up an elegant introduction to the "Images of the Floating World."

In other galleries, individual works celebrate the week in their own way. Giuseppe Eskenazi, Europe's premier dealer in Chinese art who, with his colleagues John Eskenazi and Michael Spink, was the driving force behind the Asian Week, displays a rare 11th-century wooden bodhisattva and a unique carved lacquer tray of the Wuli period (1573-1619). The use of color to emphasize the low-relief characters, all in purple-brown lacquer, and the carmine red that illuminates the inside of the two pagodas place the pictorial tray among the masterpieces of its time.

Similar ambitions probably haunted the auction house specialists as they put together their sales of Chinese art. Henry Howard-Sneyd of Sotheby's was lucky enough to find the ultimate rarity, a 16th-century blue-and-white ever decorated with a European armillary sphere. The device used by Manuel I of Portugal (1469-1521), together with the imperial mark of Zhengde (1505-1521) under the glaze, make it the earliest datable example of blue-and-white porcelain intended for Europe.

It raises intriguing questions. The pattern on the neck looks like two interlocking Latin Cs. The motif, not known in Chinese art, is unlikely to be the result of coincidence given the presence of the armillary sphere. Portuguese historians, said to be in a state of effervescence about the discovery, might shed some light on the enigma.

Howard-Sneyd made another discovery: the bronze statue of a seated Buddha engraved with an inscription that gives a date equivalent to 1572. A donor is named, "the widow of the Buddhist disciple Li Shihao, nee Wang, Countess of Fanchuan, in Mi county, Jia prefecture." If traced to a source, this would turn the piece into a landmark in the history of Ming bronzes.

Add an extraordinary Han bronze incense burner in the shape of a cock and that makes three reasons for not missing Sotheby's viewing.

At Christie's, one of the earliest Chinese archaic bronzes to reach the West via Japan, a Zhou pouring vessel that was exhibited at Durand-Ruel in Paris in 1902, has surfaced out of the blue, and a small marbled ewer of the Tang period that belonged to the famed Alfred and Ivy Clark collection has also resurfaced.

But the incomparable coup pulled off by the organizers of the Asian Week was to persuade the great Chinese collector Au Bak Ling to have 100 of his Chinese porcelain vessels displayed in London. The curator of the show is the renowned London-based scholar in Chinese ceramics, Regina Krahl, who wrote the forthcoming catalogue raisonné of the collection. Norman Rosenthal, director of the Royal Academy, agreed to fit in the exhibition at such short notice that this would be inconceivable in any other context. It was an inspired decision.

THE beauty of the Yuan and early Ming vessels is breathtaking. Nothing remotely approaching it has been seen in the West. This exhibition alone, on view from Tuesday to Dec. 20 (there are others, including an attempted reconstruction at Kensington Palace of the collection of Chinese Blue and White formed by William and Mary as it stood in 1693), would be enough to ensure the success of the fledgling Asian Week.

Can it have an enduring effect and match the New York Asian Week? Michael Goedhuis, the London dealer with a taste for beautiful bronze shapes from the Han age in China to the Meiji era in Japan and a commitment to contemporary Chinese painting — he currently displays, among others, some striking calligraphic works by Grace Tong —

believes so. London's great asset, Goedhuis says, lies in the presence of a larger number of international-class dealers than in any other single city. "You can go out any day and buy a dozen major pieces within two hours," he said. "Where else would you do that?" True. But will they?

"They" means, in three cases out of four, the U.S. collectors who alone have the wherewithal or the willingness to act at the present price level. If there is an exception, it concerns what Colin Sheaf of Christie's calls "the classics of Chinese taste." At auction, the director of the Chinese art department notes, these go in the main to the Far East. Unfortunately, one may add, London is not necessarily an attraction for the overseas Chinese. Last year, thinly disguised racist overtones characterized the public debate over the conditions under which Britain might grant passports to the Chinese residents of Hong Kong wishing to emigrate. They have not been forgotten.

So far, the indications are that the week will start in style. Collectors and curators from all over America are coming in droves. This week, Vidya Dehejia, deputy director of the Freer Gallery of Art and the Arthur M. Sackler Museum in Washington, was spotted among the early arrivals, as was Edmund Capon, director of the Art Gallery of New South Wales, in Sydney.

London stands a sporting chance if it manages to remove the most immediate threat, that of value-added tax climbing to 5 percent on any goods imported from outside the European Union in June 1999. If it fails, the increased VAT will deal a fatal blow to London's hopes for a Renaissance — as Sheaf glumly remarks, most of the Asian art sold in London comes in from outside the European Union. The loss would be that of Europe as a whole in terms of trade as well as cultural influence.



"Standing Courtesan" by Kaigetsudo Dohan, early 17th century.

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PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Yardsticks for Action in Iraq

With an American strike against Iraq seemingly imminent, the Clinton administration must clearly define its goals and the best military tactics for achieving them. Although diplomacy now seems exhausted, there was a faint hope late Friday that Saddam Hussein would blink and start honoring his international obligations. But if Baghdad remains defiant, President Bill Clinton would be fully justified in ordering an attack. The world cannot leave Saddam free to manufacture horrific germs and nerve gases and use them to terrorize neighboring countries.

The primary purpose of military action should be to compel the return of UN weapons inspectors and assure their access to all locations suspected of harboring evidence of biological, chemical or nuclear weapons or missiles. Air strikes can also destroy at least some of those weapons — and might inflict enough damage to jolt Saddam out of his fantasy that he can retain weapons of mass destruction without paying a price or remaining much longer under sanctions.

To achieve these ends, any new missile and bombing campaign must be extensive, going far beyond the pinprick Tomahawk missile attacks of the past. That approach failed to produce lasting change. A new air campaign will need to be sustained, with a regrettably risk of civilian casualties. The campaign should be aimed at strictly military targets, including weapons plants and storage facilities that can be hit without dispersing dangerous germs and gases. Washington should also attack bases of the Re-

publican Guard and other forces that Saddam relies on to maintain his grip on power. The idea is to make the cost to Saddam so high that he would prefer letting the inspectors back to seeing the attacks continue.

There is an understandable temptation to take on the added goal of politically crippling Saddam or even driving him from power. Desirable as those results would be, the air and ground campaign required to achieve them would inflict unacceptably high costs on the Iraqi people, Mideast regional stability and American troops.

Even the air campaign carries a risk that Iraq could launch Scud missiles against Israel, as it did during the Gulf War, although UN inspectors believe that almost all Iraqi Scuds have now been destroyed. Should Israel come under attack, its leaders would be wise to let Washington take responsibility for Israel's defense. An Israeli military response would probably rupture the emerging Arab consensus against Baghdad.

The UN Security Council, including France, Russia and China, is now unanimous in condemning Baghdad. Thursday, eight Arab countries, including Egypt and Syria, demanded that Iraq cooperate fully with the inspectors and warned Saddam that any military action would be his fault. Thanks to the Clinton administration's diplomacy and Saddam's reckless folly, most of the world is now more willing to accept U.S. military action than at any time in the recent past. Saddam ignores this new reality at his own peril.

—THE NEW YORK TIMES

A Showdown in Israel

With the Iraq issue at the point of explosion, this is an especially bad moment for delay in the scheduled implementation of the Israeli-Palestinian accord signed at Wye, Maryland. This prospect now looms as a result of Israel's decision to revisit several politically tender clauses bearing on Israeli withdrawal and amendment of the Palestinian charter and to push ahead with a controversial housing project in Jerusalem. Anything that undercuts the American attempt to build broad Arab support for what seems likely to be an early confrontation with Saddam Hussein has to be deplored.

The October agreement had already prompted a showdown between mainstream Palestinian forces led by Yasser Arafat, who signed the Wye accord, and Hamas and other rejectionist and terrorist elements.

The agreement has now prompted a parallel showdown in Israel. From his own coalition government, Prime Minister Benjamin Netanyahu gained approval of the Wye accord but only by a plurality and only by imposing new textual and political conditions likely to

slow the agreed transfer of Israeli-held land. His tactic now is to shift the burden of compromise to the Palestinians. That way he hopes to have the altered agreement and continued power, too.

The political pressures on the two leaders are excruciating. But any tendency to relieve those pressures by forcing new concessions from the other side is a recipe for distrust and stalemate. After all, this is not a negotiation; the negotiation took place at Wye, and the two parties solemnly gave their word. To revise it unilaterally after the event is to invite the other party to follow suit the next time he gets into a political squeeze.

Moreover, it is not just that the Israelis added some late conditions. They also reaffirmed a policy of unilaterally moving new Jewish settlers into the West Bank and Jerusalem, territory ostensibly still up for mutual disposition — this while warning Palestinians to avoid their own unilateral acts, such as declaring statehood. It was done to conciliate an unyielding right. It is trouble.

—THE WASHINGTON POST

A Step Against Sweatshops

A presidential task force of apparel makers, human rights groups and consumer advocates in the United States recently agreed on how to put in place a voluntary code of conduct for domestic and overseas factories.

Although not perfect, the accord should improve sweatshop conditions and give American consumers information so that they can choose not to buy goods produced in inhumane conditions.

The plan creates a new nonprofit Fair Labor Association of business, labor and human rights representatives. The association would enforce the code and oversee independent monitors who would inspect factories for compliance. Only companies that meet the standards would be allowed to use the association's seal on their goods. The point is to give companies a marketing advantage if they comply with the code.

Under the code, factories could not use forced labor nor require employees to work more than 60 hours a week. Apparel makers could not employ children under the age of 15, unless the country's laws allow 14-year-olds to work, and they would have to pay the minimum wage or prevailing industry wage where the factories are located. Companies would have to consult with local labor and human rights groups about workplace standards.

American labor unions initially agreed to the principles but have rejected the implementation plan because it does not require that busi-

nesses pay a "living wage." They also want more frequent monitoring of factories, and object to allowing companies to operate in countries such as China that restrict unions. Their concerns are legitimate, but the current agreement is a good first step.

Compliance with the code of conduct does not mean that the shoes or shirts consumers buy are the product of ideal or even fair labor conditions. But compliance would indicate that the manufacturer abides by rules that give workers some protection from the most exploitative practices.

—THE NEW YORK TIMES

Other Comment

Central American Exodus?

Central America now faces the grim challenge of picking up the pieces in the wake of the worst natural disaster to hit the region in its modern history. The region may also suffer destabilizing political effects by exposing governments' inability to respond effectively and promptly to a population already beset by staggering poverty levels, high unemployment rates and rising incidence of crime. This situation has the potential of triggering a new diaspora of Central Americans; many survivors may head north, much as their compatriots did during civil war-induced destruction of the 1980s.

—Carlos A. Rosales, commenting in the Los Angeles Times

Time for Europe to Repay America the Soldier

By Tony Blair

Mr. Blair is Britain's prime minister.

LONDON — Once again, America and Britain stand shoulder to shoulder against Iraq. Resolute in our determination to stop a dangerous dictatorship from developing weapons of mass destruction. Committed to upholding international law.

America is once again responding to the call of duty, shouldering many of the responsibilities of the international community and deploying its formidable military might to the Gulf in the cause of diplomacy. Whether it is Saddam Hussein or Slobodan Milosevic of Serbia, the dictators of the post-Cold War world respond only to a simple logic: the credible threat of force. We want Saddam Hussein to comply with the United Nations resolutions. But if he does not willingly halt his attempts to give himself the ability to commit mass murder, we are prepared to force him to.

America's trans-Atlantic commitment has rescued Europe from two world wars this century. For the last 50 years, this relationship has been enshrined in the most powerful military alliance the world has ever known. The North Atlantic Treaty Organization has preserved Europe from the threat of all-out nuclear war and helped reunite a divided continent. With the end of the Cold War, NATO is still the foundation of our collective security. We want it to stay that way.

America's trans-Atlantic commitment has made Europe a safer place. But Europe needs to do more to repay that debt.

Together, the United States and a reunited Europe can provide stability in an increasingly unstable world.

The European Union will soon appoint a High Representative for foreign

and security policy. This must be a figure of real weight and authority. He or she needs to become the focus of a coordinated European foreign and security policy. With time, the new arrangements should transform the way Europe speaks to the world, while leaving decisions of war and peace in the hands of national political leaders.

But the United States needs more than a Europe that speaks coherently. It needs a Europe that can also act with authority.

Europe's new foreign policy arrangements on their own will not be enough. We thought we could deal with the Bosnian crisis alone. The guns over Sarajevo destroyed that illusion along with much else.

Washington in the end had to get involved to provide the military muscle for our diplomacy.

The imperatives that drove defense spending in America during the superpower standoff are gone. If Europe wants the United States to maintain its commitment to Europe, Europe must share more of the burden of defending the West's security interests.

It is not just a question of money. The European Union already spends nearly two-thirds of what the United States does on defense.

Europe needs to get organized. Our citizens expect us to have a clear view and the will and ability to act. This will not happen until European foreign policy and European defense are better integrated.

The European Union needs to

strengthen its common foreign policy institutions. Britain backs that. To speak with authority, the European Union also needs to be able to act militarily on its own when the United States is not engaged. Britain backs that, too.

The military challenges we face are increasingly about crisis prevention, peacekeeping and peacekeeping — about humanitarian operations rather than the collective defense of territory.

At the European summit meeting in Austria last month, I set out some principles to guide the debate. NATO should, of course, remain the foundation of our territorial defense. Any autonomous European capability should be complementary to NATO. There is no point duplicating structures that work well already. And we should do nothing to lessen American engagement in Europe, which is something that benefits all 15 countries of the European Union. Any new arrangement would also need to take account of neutral members of the European Union.

I have an open mind about what this might mean institutionally. But we are not talking about a European army. Political responsibility must be unambiguously defined. No country can accept the use of its armed forces without its full consent. The decision to deploy troops can be taken only by national politicians, acting collectively and accountably. And whatever the institutional structure, the chain of command must be clear. This means there must be a minimum of bureaucracy between Europe's political decision-makers and its military commanders.

Institutions are also only part of the equation. Europe needs to have the right

equipment to act quickly in military crises — for example, communications satellites and transport planes. We need to identify the gaps in our capability and plug them. We need to do more to plan our defense together at a European rather than a national level. We need to reform our armed services so that they fit together better and are tailored to the next conflict, not the last war. We need to reconstruct our forces together and make sure that spending on defense in all nations matches the need.

An effective European defense capability also requires an effective European defense industry. We are some way from that. The European defense industry needs to consolidate and build bridges with American partners if it is going to meet the demands of tomorrow's technologies. This is very much a matter for the companies concerned.

But governments should not hinder the logic of the market. They can also promote this process of restructuring through joint procurement programs. This means planning together and planning for the long term.

This process is only just beginning. I want it to continue and to accelerate. We need an open debate between America and Europe, free from preconceptions and bureaucratic wrangling about institutions.

Our discussions should focus on results, not ideology. We also need to get the right mix between continuity and change. But if we want to continue to benefit from America's commitment to defending Europe and its interests around the world, we owe it to the United States to pull our full weight.

The New York Times

Turmoil Echoes in Malaysia for Asian Forum to Hear

By Jim Hoagland

WASHINGTON — The site of the year's big picture conference on Asia speaks volumes about the region's broken dreams and illusions.

If the presidents and prime ministers of the 21 nations at the 1998 meeting of the Asia-Pacific Economic Cooperation forum in Kuala Lumpur next week need a whiff of reality, during their BOGSAIT — Bunch of Guys Sitting Around a Table Talking — Malaysia's capital can certainly provide it.

A once-thriving Asian enterprise, Malaysia has been trashed in a matter of months by financial turmoil and by Prime Minister Mahathir bin Mohamad. His anti-Semitic and xenophobic outbursts have shaken the economic and political stability not only of his own nation but of neighboring Singapore as well.

The meeting must go on,

even if the results cannot possibly justify the moral mud bath this APEC gathering has become.

The leaders no doubt will accentuate the positive yet again in their final communiqués, as they did last year and the year before, even as the terms of financial speculation and corruption were eating away at a generation of prosperity in the region.

Staying at home on principle would not have brought relief to Mr. Mahathir's most serious rival, Anwar Ibrahim, who is on trial on morals charges, or to the Malaysian economy — just as the presence of the Great and the Good of the Pacific Rim is not likely to help either.

Staying at home and sending lower-ranking officials this year would, however, have been a refreshing acknowledge-

ment of how limited and illusory the positive effect of "engagement" in Asia has turned out to be, especially for the Clinton administration.

Nowhere on the globe is the gap between ambition and investment on the one hand and results on the other greater than in Asia for this administration. As President Bill Clinton noted in his succinct, eloquent Veterans Day tribute, his leadership and involvement helped make the United States "a force for peace" in Northern Ireland, the Middle East, Bosnia, Kosovo and Haiti over the past six years.

He can point to nothing similar in Asia, which has no shortage of civil strife or stability-threatening "conflicts." North Korea's cheating on its nuclear framework agreement with Washington undermines that accord, the administration's

chief security accomplishment in the region, and revives the threat of war.

And four months after his much ballyhooed effort to change China through his personal engagement, the change that has occurred has been in the wrong direction.

China has responded to a serious weakening of its economy by retreating on market reforms and giving more power to entrenched bureaucrats who "think it is wiser to take a hard line, to say 'no' to the United States" on liberalizing trade. Mr. Clinton's chief trade negotiator, Charlene Barshefsky, acknowledged this past week.

Dissidents continue to be rounded up, and any positive influence on North Korea and other rogue states by China is not apparent.

While wooing China, Mr. Clinton has been hammering Ja-

pan, also to steadily declining effect. Now a panic spreads in the administration about soaring trade deficits, bringing warnings from Mr. Clinton this past week that he is about to restrict steel and other imports. This further weakens his appeals to Japan to cut taxes and throw open its markets to revive the region.

Asia was to be the area of accomplishment for this trade and employment-focused president. But the 18-month economic and political turmoil in the very emerging markets that he promised to turn into stable and fair trading partners for America speaks louder now than the globalizer's words.

If the leaders of APEC pause for breath — a big if for this crowd — they may hear echoes of that turmoil during a trip to Kuala Lumpur that inevitably lends prestige to Mr. Mahathir.

The Washington Post

Challenge for APEC: Clear a Path Out of the Crisis

By Robert G. Lees

KUALA LUMPUR — Ministers from the 21 members of the Asia-Pacific Economic Cooperation Forum meet here over the weekend and must now face a confrontation with Iraq. In Japan, the world's second-largest economy, many political analysts have reservations about the government's ability to carry out reforms.

Political stability and leadership are even more tenuous elsewhere in the region. Japan and some other countries have been hurt by backing away from open markets, openings that helped generate much of the growth and prosperity in

Asia over the past few decades. APEC has so far failed to speak with a collective voice to chart a course out of the crisis. This lack of leadership is all the more frustrating just as we see signs of nascent recovery. In many of the region's economies, currency levels have begun to stabilize, current account balances are at record levels, financial sector restructuring and recapitalization are moving ahead, and governments are working with business to encourage investment.

In some respects, more reforms have been undertaken in the past year than in the pre-

vious 20 combined. New bankruptcy laws in Indonesia and Thailand appear promising. The private sector is focusing on core competencies and profitability. Banking reform in several countries is gathering steam. In addition, the underlying economic fundamentals of the region — high savings rates, a commitment to education, a relentless work ethic — remain strong and provide a firm foundation for renewed growth.

At a recent conference in Los Angeles sponsored by the Pacific Basin Economic Council, senior officials from the International Monetary Fund, the World Bank, and several leading chief executives of companies doing business in the region all pointed to these positive developments. Many felt that a "recovery scenario" could be in 1999, with South Korea and Thailand experiencing positive growth by the second half of the year. A strong, positive signal from APEC would hasten this upturn.

As the economic indicators continue to turn in the right direction, Asia appears to be facing less of an economic crisis, and more of a crisis of confidence. Investors and potential investors are still shell-shocked by how far and how fast the region fell.

APEC's economies collectively account for 55 percent of global economic output and about the same proportion of world trade. The group must take the lead in combating the crisis of confidence. Its leaders must articulate a coherent, well-defined plan for surmounting the crisis, backed up by clear policies. They must convey a sense of mission and a sense of urgency. They must win the confidence of the business community and investors by demonstrating the necessary resolve to put their house in order.

If the Kuala Lumpur meeting produces nothing more than the usual mix of bland pronouncements, the organization could begin a slow descent into irrelevance. Business as usual is no longer an option.

The writer is secretary-general of the Pacific Basin Economic Council, which has 1,100 member corporations in 20 economies around the Pacific Rim. He contributed this comment to the International Herald Tribune.

Climate-Change Skeptics Are Wrong

By George M. Woodwell and John P. Holdren

BOSTON — No environmental issue has received more intensive scrutiny by the scientific community than the disruption of global climate as the result of human additions of heat-trapping gases to the atmosphere. The conclusions of the many reviews of this topic by the scientists most qualified to address it have been strikingly consistent in confirming the reality and the seriousness of the problem.

The warnings from the traditionally cautious worldwide scientific community led in 1992 to the Framework Convention on Climate Change, which was promptly ratified by the United States and more than 165 other nations. The United States has just announced that it will sign the 1997 Kyoto Protocol to that convention, calling for a 7 percent reduction below 1990 levels in U.S. emissions of greenhouse gases.

While the scientific evidence about the problem and the determination of the Clinton administration to deal with it have been growing, however, so has the backlash from a handful of dissenting scientists, many of them backed by fossil-fuel interests, conservative think tanks and other groups committed to "business as usual" no matter what the risks.

These "climate skeptics" have put up the uncertainties in climate science (which are real, but no basis for complacency) while recycling long-discredited objections to the mainstream scientific con-

sensus on the issue. The skeptics' disinformation has found a ready audience among conservative columnists, as illustrated by Jeff Jacoby of the Boston Globe (H/T, Opinion, Nov. 7).

Mr. Jacoby asserts that "it is important to explode the myth that most scientists are worried about global warming" and purports to do so by referring to a pair of discredited petitions claiming that there is no scientific consensus on the climate danger.

The first of these, the "Global Warming Petition" is said by Mr. Jacoby to have gained the signatures of nearly 17,000 U.S. scientists. This petition has long since been recognized in the serious scientific community as a farce, in part because the signatories are listed without titles or affiliations that would permit an assessment of their credentials. Among the names are those of the author John Grisham, several actors from the TV series "M*A*S*H" and a Spice Girl.

The "eight-page abstract of the latest research on climate change" that accompanied the petition is a tissue of mistakes and distortions, misleadingly formatted to mimic an article from a scientific journal and accompanied by a letter of endorsement by a long-retired president of the National Academy of Sciences, Frederick Seitz, who has no expertise

in climate matters. The academy dissociated itself publicly from the petition, stating it "does not reflect the conclusions of expert reports of the academy."

The second petition cited, the "Leipzig Declaration," is the work of S. Fred Singer, who was also loudly wrong about the stratospheric ozone problem. Mr. Jacoby claims that Mr. Singer's declaration was signed by more than 100 climate scientists; but it, too, dissolves under scrutiny. The list contains 80 signatures, mostly an odd assortment of television weather persons, dentists, lab assistants, civil engineers and others who, despite their names' appearing on the list, say they have never heard of it.

We hoped that such disinformation will not fool many members of either the public or the U.S. Senate, which eventually must ratify the Kyoto Protocol and measures going beyond it if the challenge of climatic change is to be met and mastered.

Mr. Woodwell is director of the Woods Hole Research Center. Mr. Holdren is a professor at the Kennedy School of Government and the Department of Earth and Planetary Sciences at Harvard University and a member of the President Clinton's Committee of Advisors on Science and Technology. Both are members of the National Academy of Sciences. They contributed this comment to the International Herald Tribune.

1898: Kaiser Defied

PARIS — [The Herald says in an Editorial:] When William II gets back to his dominions he will find a "peck of trouble." The Federal Princes are showing signs of rebellion against the hegemony of Prussia. Count Ernst of Lippe-Biesterfeld has addressed to his brother princes a protest against the Kaiser, and the Duke of Cumberland has renewed his demand for his rights in Hanover and Brunswick. Count Ernst is going to take action in the Federal Council and the Reichstag. This, if supported by the other states, will cause a constitutional crisis in Germany of a new and dangerous kind.

1923: U.S. Inquisition

PARIS — To get to America Mlle. Mistinguett, the popular French vaudeville star, had to reveal some of her secrets in filling out the questionnaire

which the government requires of aliens entering the country. This horrid questionnaire, she says, is a veritable Spanish inquisition. It has forced from her the truth about her age, which is—but one dare not divulge this most important of feminine secrets. Her health is good, she says, and she writes an emphatic "No" after the inquiry as to whether she is deformed or crippled. She is not a polygamist or an anarchist.

1948: A Prince Is Born

LONDON — Princess Elizabeth gave birth to a boy — a prince and future King. An official announcement from Buckingham Palace, where the child was born, said that the princess and her son "are both doing well." The baby is the second in direct line of succession to the British throne — the first such royal infant since his great-uncle, now the Duke of Windsor, was born fifty-four years ago.

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AUCTIONS IN FRANCE

PRE-HOLIDAY SALES OF EXQUISITE ITEMS

Fine paintings, furniture, books and more will be available in Paris salesrooms this month.

The international art market is waiting on tenterhooks for the long-expected abolition of the national monopoly enjoyed by France's auctioneers and for the first sales on French soil by international giants Sotheby's and Christie's. In the meantime, as impatient as anyone else for reform to take place, Paris's Drouot salesrooms—the umbrella organization for the city's 100 auction firms—are holding special pre-Christmas sales.

A traditional high point in the annual calendar, these auctions always provide rich pickings for collectors. Sales this year are peppered with a wide range of high-quality works, with Old Master and modern paintings clearly to the fore.

Going under the hammer of Francis Briest on Dec. 4, for example, will be a canvas of outstanding historical interest by Pierre Bonnard. It is one of four commissioned from the artist in 1906 to decorate the Paris dining room of Misia Sert, a patron of artists and writers. Rich with shades of yellow—Bonnard's best-loved color—"Le Plaisir," which measures 2.3 meters by 3 meters (7'7" by 9'10"), depicts women and children in an idyllic garden setting and is estimated at between 22 million and 25 million francs (\$3.9 million to \$4.5 million). Its three fellow paintings are in the Musée d'Orsay in Paris, the Getty Museum in California and the Ikeda Museum in Japan.

Also included in the Briest sale will be a rare Gauguin monotype drawing, "Famille Tahitienne" of 1902, along with works by Manguin, Vuillard and Boudin.

Books' collections
A Boudin painting of the port of Le Havre, meanwhile, will feature in Millon & Robert's Dec. 2 sale at an estimated 400,000 to 500,000 francs, alongside a major work by Monet—"La Seine à Lavacourt 1879" (2.5 million to 3 million francs). On the same day, Francis Briest will be auctioning a 19th-century Parisian court painter Charles Le Brun, will be sold by Beausant and Lefèvre on Dec. 4 (estimated at 2 million to 3 million francs). The work was one of three paintings on the theme of the difficulty of doing justice, commissioned for the Paris law



Pierre Bonnard's "Le Plaisir," one of a series of paintings commissioned in 1906, will go on sale Dec. 4

courts around 1656. It represents the crucial moment when the testimony of a young man turns the tables in favor of Suzanne, unjustly accused of lewd behavior by three old men who were in reality guilty of playing Peeping Tom with her.

Prestigious series
Etude Tajan, France's largest auction firm, has a string of prestigious sales lined up, starting with a major ensemble of late medieval and Renaissance furniture and objects to be sold Nov. 16.

On Nov. 17, Etude Tajan will auction a remarkable collection of manuscripts by late 19th-century poet Arthur Rimbaud, including 10 poems, complete with crossings-out and corrections and with estimates of up to 600,000 francs apiece. The star feature of the sale will be the only existing manuscript—never before shown in public—of part of Rimbaud's work "A Season in Hell," which is expected to fetch over 5 million francs.

A two-day sale of Islamic and Oriental art on Nov. 18 and 19 will focus on Bohemian glassware made for the Middle Eastern market, arms and Orientalist paintings. Dutch, Flemish and French Old Master paintings form the bulk of Etude Tajan's sale on Dec. 14. Among them are "Les Jeunes Enfants Jouant avec le Troupeau du Berger Endormi" (1665) by Jan Weenix, which is estimated at 1.3 million to 1.5 million francs, and a pair of monochrome seascapes by Willem Van Diest, estimated at 600,000 to 800,000 francs.

Fine 17th- and 18th-century furniture and objets d'art, meanwhile—including a bureau by the celebrated cabinetmaker Hansen (800,000 to 1 million francs) and a private collection of souvenirs of Louis XVI and Marie-Antoinette—will come up for sale with Etude Tajan on Dec. 15. Etude Tajan will be auctioning Art Nouveau and Art Deco works on the evening of Dec.

15, to be followed by French provincial ceramics on Dec. 16.

Other major Old Master works coming up for sale include an oil portrait of Countess Anna Sergeevna Stroganoff by Elisabeth Vigée-Lebrun, who was appointed official painter to Queen Marie-Antoinette of France in 1779 when she was only 24 and who worked in Saint Petersburg from 1795 to 1802. The PIASA firm will be auctioning the portrait on Dec. 14 at an estimated 1.5 million to 2 million francs.

Two pencil drawings by one of the finest 18th-century painters, Antoine Watteau, a portrait of a man and another of a woman, estimated at 800,000 and 1 million francs respectively, will be sold by Millon Robert on Nov. 27.

A still life that expert René Millet ascribes to Chardin, representing a kitchen table and estimated at between 600,000 and 800,000 francs, will be put up for sale on Nov. 25 by Rieuxier, Bailly-Pommery.

Early photography
Photography is a fast-growing collecting field in Paris. Before putting Suzanne under the hammer, Beausant and Lefèvre will auction a remarkable collection of 19th-century photos on Nov. 18.

The first item is an incomplete album consisting of 56 views of the military camp at Chalons, where Napoleon III's armies went on maneuvers. It is one of 33 such albums commissioned by the emperor himself, of which 19 are known to have survived. This 20-lot album was assembled for Comte Pajol, commanding officer of the cavalry of the Imperial Guard, whose portrait in full dress uniform features prominently among the prints. The estimate of 150,000 to 200,000 francs is conservative, to take into account the incomplete nature of the lot.

Also going up for sale will be a rare but slightly damaged album containing 49 prints of the palace of the governor of Uxmal in Mexico, taken in 1849 by Désiré Chamay, an enthusiastic traveler in Central and South America.

For the bookworm
Books, too, are a major Paris specialty. Industrialist Paul-Louis Weiller built up an extensive library of rare books and manuscripts that will be sold by Laurin, Guilloix, Buffetaud on Nov. 30. The collection includes eight 15th-century illuminated Books of Hours, combining fine calligraphy with magnificently well-preserved miniatures.

Among the most spectacular is the book known as "Guy de Laval," in a 16th-century binding. It assembles 31 miniatures painted by the Master of Guise and is estimated at between 2 million and 2.5 million francs. "The Hours of Jacques and Jeanne Cauchon" contain 18 full-page miniatures and 24 smaller miniatures by an unknown artist (1.5 million to 2 million francs), while the "Heures à l'Usage de Paris" includes 16 miniatures by a painter from the Avignon region.

Weiller's tastes did not stop at the Middle Ages. The sale will also include musical manuscripts, including a 33-bar extract from an allegro movement for horn by Mozart (250,000 francs) and Chopin's Mazurka Op. 6, 1830-31, in the musician's own hand (280,000 to 300,000 francs). Also included will be top-quality 17th- and 18th-century bindings, as well as letters by writers Proust, Verlaine, George Sand and others.

Good-quality 18th-century furniture will be found with PIASA on Dec. 2 in the form of a richly decorated Louis XVI gueridon table attributed to Molitor (600,000 to 800,000 francs). A black-and-gold Louis XV Chinese and European lacquer commode by Peridier will be sold by Millon & Robert on Nov. 27 at an estimated 200,000 to 300,000 francs.

UPCOMING DROUOT SALES

- Nov. 16: Etude Tajan, Espace Tajan; Medieval and Renaissance furniture
- Nov. 17: Etude Tajan, Drouot Montaigne; Jacques Guérin library, including Rimbaud mss.
- Nov. 18: Beausant Lefèvre, Drouot; Photographs. PIASA, Drouot; Furniture, objets d'art
- Nov. 18 and 19: Etude Tajan, Drouot; Islamic and Oriental art
- Nov. 20: Etude Couturier-Nicolas, Drouot; Former Guillaume Apollinaire collection. PIASA, Drouot; Photographs of Dora Maar
- Nov. 23: Etude Tajan, Drouot; 19th- and 20th-century photographs. Etude Kohn, Drouot Montaigne; Art Nouveau, Art Deco
- Nov. 24: Etude Kohn, Drouot Montaigne; Modern and contemporary paintings
- Nov. 25: Rieuxier, Bailly-Pommery, Drouot; Old Master paintings and furniture
- Nov. 26: PIASA, Drouot Montaigne; Dora Maar estate
- Nov. 27: Millon & Robert, Drouot; Old Master paintings and furniture
- Nov. 30: Laurin, Guilloix, Buffetaud, Drouot; Library of Paul-Louis Weiller. Etude Millon & Robert, Drouot Montaigne; Art Nouveau
- Dec. 2: PIASA, Drouot; Furniture
- Dec. 4: Etude Briest, Drouot Montaigne; Modern art. Etude Beausant Lefèvre; Old Master paintings, furniture
- Dec. 5: Etude Briest, Drouot Montaigne; Contemporary art
- Dec. 7: PIASA, Drouot; Dora Maar estate
- Dec. 8: Etude Binoche, Drouot Montaigne; Modern Paintings
- Dec. 9: PIASA, Drouot; Modern paintings. Etude Comette de Saint-Cyr, Drouot; Old Master paintings, furniture
- Dec. 14: PIASA, Drouot; Old Master drawings and paintings. Etude Kohn, Drouot Montaigne; Old Master paintings. Etude Poulain Le Fur, Palais des Congrès; Collectors' automobiles. Etude Tajan, Espace Tajan; Old Master paintings

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Georges RENAND Collection : COROT - MATISSE - ROUAULT - VUILLARD

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Paul GAUGUIN « Famille tahitienne » circa March 1902.

Print drawing, or black monotype, enriched with watercolor and coloured pencil printed on Japanese paper.

The back of coloured drawing served for printing purposes. Drawing carries inverted handwritten signature appear on the monotype. 37 x 40,4 cm.

(Former Gustave FAYET collection)

Information : Violaine de LA BROSSÈ-FERRAND - Tel. 33 1 42 68 11 30

CONTEMPORARY ART

Saturday December 5th 1998 at 9 p.m. - Drouot Montaigne : 15, avenue Montaigne, 75008 Paris

Information : Martin GUESNET - Tel. 33 1 42 68 11 30

ETUDE TAJAN ASSOCIATED AUCTIONEERS

Important auctions in Paris

- Monday, November 16
Espace Tajan
Middle Age & Renaissance Art
- Tuesday, November 17
Drouot Montaigne
Exceptional collection of autographed poems by Arthur Rimbaud
Jacques Guérin Library (part 6)
- Wednesday, November 18 & Thursday, November 19
Charenton
Important sale of wines & spirits
- Wednesday, November 18, Thursday, November 19
Islamic & Eastern Art
Orientalist paintings
- Tuesday, November 24
Drouot-Richelieu
19th century paintings, drawings and sculptures
- Monday, December 14
Espace Tajan
Old master paintings
- Tuesday, December 15
Espace Tajan
Fine furniture & works of art from the 17th, 18th, 19th centuries
- Tuesday, December 15
Espace Tajan
Art nouveau - Art déco
- Wednesday, December 16
Espace Tajan
Ceramics
- Wednesday, December 16
Espace Tajan
Fine furniture from Chateau de Long (Somme) in France
- Wednesday, December 16
Espace Tajan
Modern paintings
- Thursday, December 17
Espace Tajan
Important Jewellery

Catalogues available upon request: 33 1 53 30 30 30 and on <http://www.tajan.com> E-mail: tajan@worldnet.fr

37, rue des Mathurins, 75008 Paris. Tel. : 33 1 53 30 30 30. Fax : 33 1 53 30 30 31 <http://www.tajan.com> E-mail: tajan@worldnet.fr Minitel 3617 Tajan

CALMELS CHAMBRE COHEN AUCTIONEER

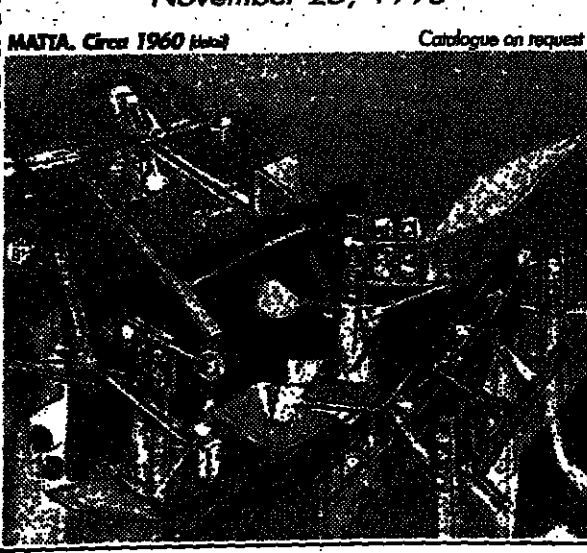
12, rue ROSSINI - 75008 PARIS - Tel. : 01 47 70 39 89 - Fax : 01 45 83 01 48

MODERN ART AUCTION

Arp - Brauner - Dubuffet - Matta - Tanguy...

DROUOT

November 25, 1998



LAURIN - GUILLOUX - BUFFETAUD AUCTIONEER

12, rue Drouot, 75009 Paris - Tel. : 33 1 42 46 61 76 - Fax : 33 1 47 70 12 51

TREASURES from the LIBRARY of COMMANDER PAUL-LOUIS WEILLER

EXCEPTIONAL COLLECTION of HEIGHT 15th Century MANUSCRIPTS,

decorated with miniature paintings by: The Legende Des Saints of Munich; Master François Master of Jacques of Beaumont; Sources d'Or de Guy XIV de Laval; Illuminated by the Master « des Fleurs de Guise » a group of « Golden scrolls »

NUMEROUS SUMPTUOUS DECORATED BINDERS of 17th and 18th Centuries ARMS WITH PROVENANCE from the WORKSHOPS of the GREAT BOOKBINDERS of the TIME: Luc-Antoine Boyer, Clovis eve, Elou Lavassier, Mace Ruyter, Richard Segoulay (d'Orford), Pierre Rocolet, Antoine Padoleur

16th, 17th and 18th CENTURIES AUTOGRAPHS

19th and 20th CENTURIES BOOKS & AUTOGRAPHS

Mozart manuscript - F. Chopin manuscript

EXPERTS: M^{me} J. VIDAL-MICHELET - Tel. 33 1 42 46 61 76 - Fax: 33 1 47 70 12 51 and M^{me} J. BOUDIN - Tel. 33 1 42 46 61 76 - Fax: 33 1 45 83 01 48

PARIS - Drouot-Richelieu - Monday 30th November at 2.30 p.m. - rooms 1 & 7

Direct telephone line during exhibition (Saturday 20th November 11 a.m. - 6 p.m.) and sale (Sunday 20th November) : 33 1 46 00 20 01

Catalogue on request at the auctioneer's office (33 1 46 00 20 01)

Internet : <http://www.auction-fr.com/fgb>

JOHN CLAUDE MILLON & ROBERT AUCTIONEER

18, rue de la Grande-Bretagne - 75009 Paris - Tel. 01 43 99 99 42 - Fax 01 43 99 99 48

PARIS - DROUOT MONTAIGNE

Wednesday December 2, at 8.30 p.m.

IMPORTANT MODERN & CONTEMPORARY PAINTINGS

SCULPTURE, from Mr. M. Estate and others



Moïse KISLING (1891-1953) - "Grand bouquet varié", 1947. Oil on canvas, signed at upper left. 81 x 100 cm.

On view

Saturday November 28 and Sunday November 29, 11 a.m.-9 p.m.

Monday November 30 and Tuesday December 1, 11 a.m.-5 p.m.

Direct telephone line during exhibition (Saturday 20th November 11 a.m. - 6 p.m.) and sale (Sunday 20th November) : 33 1 46 00 20 01

Catalogue on request at the auctioneer's office (33 1 46 00 20 01)

Internet : <http://www.auction-fr.com/fgb>

REUNIER & BAILLY-POMMERY AUCTIONEER

25, rue Le Peletier, 75009 Paris - Tel. : 33 (0)1-45-23-44-40 - Télécopie : 33 (0)1-48-24-25-95 <http://www.auction-fr.com/rtp> - E-mail: reunier@club-internet.fr

RICHELIEU DROUOT, room 1-7

Wednesday November 25 1998, 14 heures

JEWELLERY & SILVERWARE XVII, XIX & XX CENTURY

PORCELAIN

Vincennes - Chantilly - Meissen - Strasbourg

Compagnies des Indes - Majoliques

EXTREME ORIENT

Art Khmer - Paravent

FURNITURE XVII-XIX

Roussé - Schlichting - Grevenich - Empire



Commode Stuffed Birdcage Transition, Louis XV & Louis XVI (height: 111 cm - depth: 61 cm)

PUBLIC VIEWING

Thurs. Nov. 26th 1998 11:00-18:00

Catalogue on request: 100 francs

REUNIER & BAILLY-POMMERY AUCTIONEER

25, rue Le Peletier, 75009 Paris - Tel. : 33 (0)1-45-23-44-40 - Télécopie : 33 (0)1-48-24-25-95 <http://www.auction-fr.com/rtp> - E-mail: reunier@club-internet.fr

RICHELIEU DROUOT, room 1-7

Wednesday November 25 1998, 14:00

DRAWINGS & OLD MASTERS PAINTING

Berain - Lebrun - Maréchal - Ingres - Breugel - Berchem

Van Kessel - Van Bassen - Van Schuppen - Victors

Chardin - Oudry - Hubert Robert - Derray - Vermet

MODERN PAINTINGS & SCULPTURES

Harpignies - Le Sema - Trouillebert - Zadkine

Alberola - Modigliani - Richier



Flemish School: Paysage avec Agur et l'Ange, 1570-1607. Paysage avec Agur et l'Ange. Panneau : 81 x 118,5 cm.

PUBLIC VIEWING

Tuesday Nov. 24th 1998, 11:00-18:00

Catalogue on request: 100 francs

NYSE

Friday's 4 P.M. Close
The 2,600 most traded stocks of the day.
Notation: prices not reflecting late trades elsewhere.
The Associated Press.

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INTERNATIONAL MANAGER/Telecoms in Trouble

New Telecom Italia Chief Faces a Daunting Task

By Daniel Liefgreen
Special to the Herald Tribune

MILAN — Telecom Italia SpA, which is expected to name a new chief executive next week, must move swiftly to restore investor confidence, fight off increasing competition at home and forge business alliances abroad, analysts and company insiders say.

"The company is drifting in a dangerous way," said a senior manager of the floundering Italian communications giant. "This company has been through the mill," said the manager, who spoke on condition of anonymity, referring to management turmoil following Telecom Italia's privatization. "We haven't had stable management here since February 1997."

The executive committee of Telecom Italia, Europe's third-largest telecommunications group, met Thursday to discuss a replacement for Gian Mario Rossignolo, who resigned last month following a controversy over alleged 1999 earnings forecasts.

The company confirmed that the board would meet next Thursday but would not comment on press speculation that the leading candidate was Franco Bernabe, the chief executive of the Italian energy conglomerate ENI, or Ente Nazionale Idrocarburi.

Neither Mr. Bernabe nor ENI would comment on the matter. Italian press reports said that Mr. Bernabe probably would accept the post, but he reportedly wanted a say in choosing his successor at ENI. Mr. Bernabe, 50, is a well-respected manager but he does not have experience in the telecommunications sector.

That should not necessarily be viewed as a handicap, some analysts believe. "What's needed is a strong manager who can get the situation there under control and give trust to other levels of management," said Paola Toschi, an analyst at the Milan investment firm Avf-Mila.

But Stuart Jeffrey, a telecommunications analyst at Daiwa Securities in London, said a chief executive from outside the sector could show decision-

making, particularly in the area of strategic alliances. "Someone with industry experience often can make the difference," he said.

The company's shares took a pounding in mid-October after Mr. Rossignolo first denied and then confirmed an internal document warning that 1999 profit would be lower than expected.

Telecom's shares surged nearly 5 percent Thursday after rumors that Mr. Bernabe was the top candidate began circulating in the stock market.

On Friday, Telecom Italia reported that gross operating profit rose 8 percent, to 17.2 trillion lire (\$10.32 billion), in the first nine months of this year compared with a year earlier. It said sales rose 6 percent, to 32.95 trillion lire, to 12.445 lire.

Mr. Rossignolo, a former executive in the Agnelli family's business empire, held the chairmanship for only 10 months, and his tenure was stormy. He quickly forced out the chief executive officer, Tommaso Tommasi di Vignano, and then dismissed the head of Telecom's mobile-phone subsidiary, Telecom Italia Mobile SpA.

Telecom Italia, which once had an effective monopoly on the domestic telephone market, now has challengers following the deregulation in recent years. Its strongest local competitor is Infostrada SpA, the fixed-phone company controlled by Olivetti SpA and its German ally Mannesmann AG.

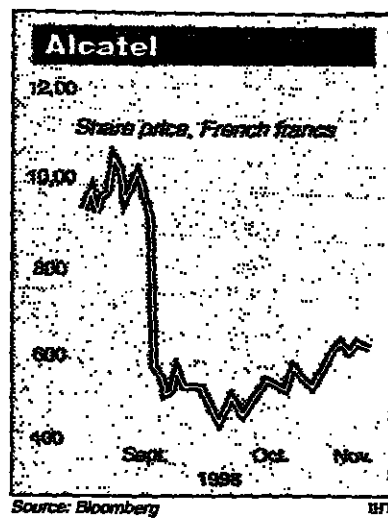
Infostrada started operations in July and had 348,000 subscribers at the end of October. It also reportedly is luring mid-level managers from Telecom.

"They're going away in clusters," one of the Telecom sources said. Cable & Wireless PLC said Wednesday it was abandoning a planned link with Telecom Italia because the management crisis at the Italian company had made any "meaningful discussion" of the venture difficult.

The two companies had signed a preliminary deal in April and were in talks about creating the world's second-largest carrier of international calls.



Serge Tchuruk promises that Alcatel's managers "will watch external factors more closely."



Burned by the Market, Alcatel Vows Openness

By Barry James
International Herald Tribune

BRUSSELS — After suffering one of the biggest backlashes in the history of the French stock exchange, the telecommunications giant Alcatel SA claims that it has learned its lesson and is on the way back.

From now on, says Krish Prabhu, senior executive vice president, "we are clear, we are transparent."

But analysts say it will take a long time for the market to forgive Alcatel, the world's fourth-largest telecommunications group, not so much because of its economic performance but because it handed investors a nasty surprise without any preparation. For many of the large American institutional investors, the fall of Alcatel was symptomatic of the chubbiness many of them perceive French companies as doing business, with company information leaked through newspaper interviews and scant transparency otherwise.

Alcatel used to be a sprawling state-owned conglomerate, whose interests ran from magazines and vineyards to heavy engineering. Under the leadership of its current chief executive, Serge Tchuruk, a former oil industry executive, it has been transformed into a specific telecommunications company, bent on becoming a leader in the exploding market for data communications as well as in its traditional sphere of voice telephony.

Alcatel expects much of its growth to come from the United States, already its biggest single market with 20 percent of sales, and Mr. Prabhu said this means it will have to behave like an American company, with more open reporting standards.

But its reputation in the United States has been damaged by a slew of class-action lawsuits from disgruntled American investors because of a plunge in the company's share price that sliced 38 percent, or about 70 billion French francs (\$12.39 billion), from Alcatel's book value. The shares

fell to 571 francs from 927 francs on Sept. 17 after the company said profit for 1998 would not meet expectations. The shares have since regained some of that ground, and closed unchanged on Friday, at 592 francs.

Former shareholders of DSC Communications Corp., which Alcatel acquired in a \$3.3 billion stock swap Sept. 4, accuse the French company of securities fraud because it failed to disclose that it would not meet profit expectations for 1998. The plaintiffs allege that Alcatel gave "false and misleading statements" and concealed information that could have led to the canceling or renegotiation of the sale.

Alcatel and Mr. Tchuruk strenuously deny the allegations that they concealed material information, although they decline to comment on the specific cases before U.S. courts. Mr. Tchuruk has said he did not learn about disappointing numbers until Sept. 8, after the DSC agreement was concluded. "I told what I knew as soon as I knew it," he told the financial newspaper Les Echos, although he acknowledged that he had been informed a little late.

Mr. Prabhu, who heads Alcatel's U.S. operations, said the stock slump was caused by "certain unforeseen things," some of which, like the Russian economic collapse, were "out of our control." It was also, he said, an extremely volatile time on global markets, and he suggested that investors had overreacted.

"Our operations managers did not have the insight to forecast or anticipate or raise a warning," he said. "In the future, managers will watch external factors more closely."

Neil Barton, an analyst for Merrill Lynch Global Securities, predicted it would take a year or more before Alcatel's reputation recovers.

Mr. Tchuruk inherited a company with \$4.2 billion in losses in 1995, and turned it around by refocusing its energies and shutting down about 60

See ALCATEL, Page 15

'Mania of All Manias' Lifts Internet Stocks

Web Company Soars Sevenfold on First Day

Compiled by Our Staff From Dispatches

NEW YORK — Todd Krizelman and Stephan Paternot should have no problems paying off any leftover student loans.

The two entrepreneurs, who founded theglobe.com, a company that lets people set up free personal Web pages, in a dorm room at Cornell University three years ago, took the company public Friday on the Nasdaq stock market. By the close of trading, the company's shares had risen about sevenfold in the hottest initial public offering in U.S. history.

The shares of the New York-based company were up 53 15/16 to 62 15/16, after the company and its shareholders sold 3.1 million shares, a 32 percent stake, at \$9 each, raising \$27.9 million.

The offering follows the trading debut Tuesday of another Internet company, EarthWeb, whose shares have soared nearly as much. EarthWeb's offering and a surge in other Internet stocks this week indicate that investors have lost none of their enthusiasm for these companies, many of which have never reported a profit. EarthWeb, which provides technical information on-line, fell 2 1/4 to 67, but that was up from an initial price of 14 on Tuesday.

"It's the mania of all manias," said Rick Berry, an analyst at J.P. Turner & Co. in Atlanta.

Another Internet company, Go2Net Inc., a so-called portal company that runs a popular network of Web sites targeted at specific interests, gained 9 1/4 to 39 1/4 after it reported a small quarterly profit, reversing a loss a year earlier.

"It's a portal company, which has been a very hot subsector of the Internet, and it's profitable, which is very unusual on the Internet," said Dalton Chandler of Needham & Co. "Just those two factors alone are going to attract attention."

But on a percentage basis, the surge in theglobe.com's shares was the biggest intraday increase in the history of the U.S. initial public offering market, according to Securities Data Corp. Mr. Krizelman, 25, and Mr. Paternot, 24, co-chief executives and co-presidents, each have stakes worth about \$50 million at Friday's closing price.

The Web site offers visitors free Internet home pages, chat rooms, e-mail and an electronic marketplace. It has about 2 million members, compared with more than 2.5 million members for its main rival, GeoCities. GeoCities shares have more than doubled since the company's initial public offering in August. They rose 19 1/2 to 40 15/32 Friday.

"Investors clearly want to come back in the market, and everyone is looking for a growth segment," said Keith Benjamin, an analyst at BancBoston Robertson Stephens.

Theglobe.com intends to make money through advertising sales, the sale of subscriptions for enhanced services, and agreements with e-commerce providers who handle transactions for goods and services. Still the company has not made a profit and it does not

See MANIA, Page 12

In October, U.S. Retail Sales Surged

The Associated Press

WASHINGTON — Americans spent briskly on cars and clothing in October, shunning off economic turmoil overseas and encouraging retailers as the holiday season approached.

Retail sales, which account for roughly a third of U.S. economic activity, rose 1 percent to a seasonally adjusted \$227 billion last month, the Commerce Department said Friday. It was the biggest increase in five months.

"What consumers are saying — 'We're feeling less confident' — is not yet reflected in what they do," said Ian Shepherdson, an economist at High Frequency Economics in Wallingford, Conn.

Separately, the Labor Department said Friday that prices charged by factories, farms and other producers increased 0.2 percent in October, reflecting the first increase in energy costs in five months. The so-called core index, which excludes the volatile food and energy components, rose only 0.1 percent.

For the first 10 months of this year, producer prices declined at a 0.5 percent annual rate, compared with a drop of 1.2 percent for all of 1997.

The decline in producer prices, which has translated into only mild increases at the consumer level, has come even as demand has remained robust.

Though the retail-sales increase in October was supported by a 2.6 percent surge in auto purchases, the largest in 15 months, all broad categories of goods managed at least modest gains. Excluding autos, sales rose 0.5 percent.

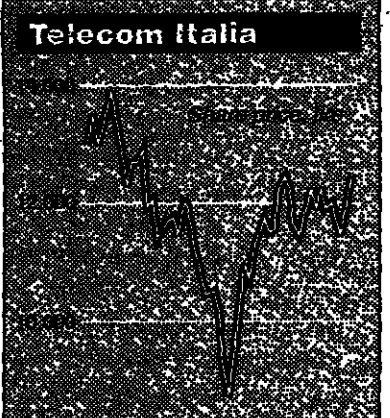
It could be a sign that Christmas sales, which account for half the annual receipts at some stores, might not be as weak as some analysts had feared.

Early this year, surveys showed consumer confidence at heights unseen since the late 1960s. But as the international economic crisis spread, rolling financial markets in late summer and early fall, their exuberance began to wane and some economists had worried that U.S. consumers would curtail their spending.

But that has not happened, as jobs have remained plentiful and incomes have been rising at roughly double the inflation rate, even as interest rates stay low.



Telecom Italia's board will meet Thursday as a successor is sought for Gian Mario Rossignolo.



Source: Bloomberg

Asia's Economies: Bottoming Out, Recovering or Taking Off?

By Steven Mufson
Washington Post Service

WASHINGTON — Economies are shrinking from Tokyo to Jakarta, Asian companies are losing money and scrambling for working capital, and the government of Japan is so desperate to get consumers shopping again that it is handing out gift certificates.

But you wouldn't suspect such cynicism from looking at Asian stock markets. From their low points just a few weeks or months ago, they have soared. The Thai and Indonesian stock indexes have doubled. Benchmark stock indexes in South Korea, Hong Kong and Singapore have risen by more than 50 percent.

Which of these scenarios reflects the

true state of Asian economies: sliding deeper into economic malaise or about to turn the corner?

Despite the recent market euphoria, U.S. money managers and stock strategists are divided about the region's true economic outlook, and they warn that different countries could be moving toward recovery at different speeds.

Daniel Yergin, chairman of Cambridge Energy Research Associates, is among the optimists. "As severe as the Asian economic crisis is proving to be — throwing many countries into out-and-out depressions and hitting U.S. exports hard — a rebound could already be in the making," he said.

His firm's Asia specialist, Dwight Perkins, a Harvard University economist, wrote recently that "with a little

luck and sensible policies throughout Asia, the region, except for Indonesia, should be back on the path to a full recovery by 2000." He added, "As serious as the economic crisis in Asia is, it is not the end of the Asian miracle."

Other analysts are more skeptical. "The patient has stabilized in the emergency room, but its full recovery is still in the realm of uncertainty," said Leila Heckman, managing director for global asset allocation at Salomon Smith Barney.

Many analysts are focusing on signs of life just a year after Asia fell into economic turmoil. These include increases in foreign exchange reserves, gradually falling interest rates and a surplus in the current account, the broadest measure of trade. Morgan

Stanley Dean Winters strategists recently increased the share of Asia in their model emerging-market portfolio by 5 percentage points to 27 percent.

At the same time, however, daunting problems remain. Jay Pelosky, managing director for emerging-markets strategy at Morgan Stanley, said, "It's one thing to say Asian economies are bottoming; it's another to say they are recovering."

Among the chief problems: The region's economic powerhouse, Japan, remains in the doldrums, banks across Asia are saddled with bad loans, and Asian companies are weighed down with excessive debts. If the rest of the world economy slows in the coming months, it will be even harder for exports to pull the region out of depression.

South Korea has led the pack in moving toward economic stability, analysts said, with foreign exchange reserves that have gone from less than \$10 billion last December to \$46.9 billion at the end of September.

South Korea also benefited from the recent strengthening of the Japanese yen, which boosted export prospects of certain Korean goods such as steel. But South Korea's industrial conglomerates, known as *chaebol*, have barely begun the massive restructuring they need to get out from under crushing debt loads, Mr. Pelosky said, and labor union resistance could slow down corporate overhauls.

Malaysia, host of next week's meeting of the leaders of the Asia-Pacific Economic Cooperation forum, is viewed with much more skepticism. The prime minister of Malaysia, Mahathir bin Mohamad, has ousted his market-oriented deputy, Anwar Ibrahim, and has imposed foreign exchange controls in an effort to cordon off Malaysia from unpredictable international markets.

Indonesia's problems are as much political as economic. Uncertainty about President B.J. Habibie and the transition to a more democratic system is deterring foreign investment. And Indonesia's poor treatment of its previously prosperous ethnic Chinese minority has damaged a key part of the economy.

Analysts warn that Hong Kong's recent stock market rebound owes more to temporary government intervention than to fundamental improvement in the city's economic outlook.

And while China has not fallen victim to financial panic it is suffering from its own economic slowdown. A key reason why growth will fall below its 8 percent growth target: a sharp drop in exports to the rest of Asia.

Analysts largely blame problems in Japan for slowing Asia's overall recovery. Without the big capital spending or the Japanese imports that powered Asia's economic boom in the late 1980s and early 1990s, Mr. Pelosky said, "it's hard to see what would be the drivers of renewed economic activity."

CURRENCY & INTEREST RATES

Gross Rates									
	\$	£	DM	¥	₹	₪	₹	₹	₹
Australia	1.000	0.750	1.366	106.48	166.64	2.463	200.48	1.366	1.000
Canada	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
France	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
Germany	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
Italy	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
Japan	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
UK	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
US	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
Other Dollar Values									
Canada	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
France	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
Germany	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
Italy	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
Japan	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
UK	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
US	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
Forward Rates									
Canada	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
France	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
Germany	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
Italy	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
Japan	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
UK	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000
US	1.000	0.715	1.366	106.48	166.64	2.463	200.48	1.366	1.000

Japan Air Lines to Cut Costs And Slash Work Force by 13%

The Associated Press

TOKYO — Japan Air Lines said Friday it would cut 2,300 jobs over the next three years, reduce wages and hire foreign workers in an effort to return to profitability.

"Right now we are passing through a period of turbulence," the president of the airline, Isao Kaneko, said. "I'm confident we'll be in the black by the end of this fiscal year."

The job cuts will involve on-the-ground workers and will come largely through early retirement, transfers of employees to subsidiaries and limits on new hiring, Mr. Kaneko said. The airline employs nearly 18,000 people overall, so the cuts represent about 13 percent of the work force.

Foreigners currently account for only a small fraction of JAL's flight attendants, and Mr. Kaneko said he hoped to increase the ratio to about one quarter by 2001.

Mr. Kaneko said the airline also

would offer full benefits to fewer new employees, signing more to short-term contracts. That should save labor costs by an average of 10 percent per employee, he said.

Some of JAL's cost-cutting measures are already showing results, Mr. Kaneko said. A cap on wage increases has brought the salaries of pilots of Boeing 747 airliners down to the same level as those at UAL Corp.'s United Airlines, though they are still higher than those at European or Asian competitors.

JAL's finances have come under pressure not only because of high costs, but also from increased competition in Japan, as foreign carriers and new domestic carriers have taken advantage of deregulation.

But Mr. Kaneko said reduced fares would attract more passengers to air travel, meaning there would be enough to go around for all airlines competing in Japan.

The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

[illegible]

Friday's 4 P.M. Close
(Continued)

[illegible]

ASIA/PACIFIC

Taiwan Set To Prop Up Its Bourse

Compiled by Our Staff From Dispatches

TAIPEI — Taiwan said Friday that it would make at least 200 billion Taiwan dollars (\$6.12 billion) available to buy shares, following other Asian nations' lead in moving to bolster battered financial markets. Stocks surged after the Ministry of Finance announced the creation of the fund, the principal part of a package of measures to stabilize financial markets. The benchmark stock index rose for the first time in four days, gaining 2.6 percent, to 6,829.62 points.

The finance minister, Paul Chiu, indicated that some of the gain might already be attributable to buying under terms of the stock purchase program, which he said began Friday. "The stabilization measures will enable shares to return to normal levels and restore investor confidence," Mr. Chiu said.

It is the fourth time in six months that the government has embarked on such a buying campaign and came after a string of corporate debt defaults linked to stock trades forced a government-backed bailout of two finance companies.

"The announcement gave an immediate psychological jolt to financial markets," said Lee Meyer, an analyst at ING Barings Securities in Taipei.

In recent months, a number of Asian nations have taken similar steps. South Korea abolished most of its limits on foreign ownership of stocks and bonds, and in the most dramatic such move, Hong Kong bought \$15 billion of local stocks.

In Taiwan, the market is down 16 percent since May, compared with a 7.5 percent gain in Hong Kong.

The Taiwan government said it would create a Stock Market Stabilization Fund composed of banks, insurers, the civil service and labor pension funds, the postal deposits fund and other major institutional investors. Most of those institutions are either government or, in the case of many banks, government-controlled. (Bloomberg, Reuters)

2d Crisis Seen for South Korean Banks

By Don Kirk
International Herald Tribune

SEOUL — South Korea's weakened banking system faces a second crisis in the next few months despite a \$50 billion government program to rescue the banks from the crushing weight of more than \$200 billion in nonperforming loans, banking experts here say.

The program means that the government has once again been thrust into the business of taking over commercial banks, after having privatized most of the banking sector in recent years.

Despite this effort, however, the amount it has earmarked for salvaging the country's commercial banks will not be nearly enough and some will fail after running out of funds as a result of bad loans, according to analysts.

Five commercial banks have been forced out of business this year, leaving 22 banks scrambling for survival.

"Some more of the troubled ones have to go under," said Jason Yu, a banking analyst with Indosuez W.I. Car Securities, estimating that nonperforming loans now total 270 trillion won (\$205.25 billion). That figure, he said, amounts to 36 percent of the domestic debt owed by South Korean companies but does not include more than \$150 billion owed to foreign banks.

"We will have another major banking crisis," said Stephen Marvin, research chief at Jardine Fleming Securities in Seoul, likening the crunch confronting the banks to the credit crisis that forced the government a year ago to appeal to the International Monetary Fund for a bailout.

Mr. Marvin based his prediction on the shortage of funds earmarked

for saving the banks and lack of discipline in extending credit.

The government's plan "is conceptually correct but fatally flawed," he said. "A large portion of the money will be lent to borrowers who can't repay the money."

Mr. Marvin criticized the government for lacking "the political will or fortitude" to block excessive credit for money-losing companies even though government officials claimed they have imposed tight constraints on South Korea's huge conglomerates — the *chaebol* — in "workout programs" designed to recover financial viability.

The government is dividing a total of 64 trillion won between the issuance of bonds to provide fresh funds for ailing banks and the purchase of nonperforming assets from commercial banks at 30 percent to 45 percent of face value.

The government plans to spend most of the money for bailing out the banks by the end of the year, but will complete the program next year after some major mergers.

The program means that the government is again taking over commercial banks after having privatized most of the banking sector in recent years.

"The government is holding equity ownership in return for capital injection," said Lee Sang Mok, deputy director of the finance ministry's task force on corporate and financial restructuring. "It's to cover bad loans. They are concerned about newly emerging nonperforming assets. Most of their clients are in trouble in some way."

"In recapitalizing the banking sector, a lot of private debt is replaced by public debt," said Richard Samuelson, chief of Warburg, Dillon Read Securities in Seoul.

Typical of nonperforming loans were those issued to Kia Motor Corp., which went bankrupt last year and was purchased at auction by Hyundai Motor Co. last month. Kia's creditor banks agreed to write off about 60 percent of its debts, totaling about \$12 billion.

The takeover of banks began in January when the government purchased 95 percent of the equity in Seoul Bank and Korea First Bank, which were in danger of failing. The government hopes to auction them off at the end of the year, most likely to foreign banks, while acquiring equity in other banks, including several that are merging.

Mr. Marvin cited the effort at saving those two banks as indicative of the government's inability to cope effectively with the basic problem. "They pumped money into

them to save them from bankruptcy," he said, "and now they're almost bankrupt again."

Credit Rating Under Review

Fitch IBCA plans to review South Korea's credit rating at the end of the year because the nation is "clearly looking better," a senior Fitch official said, according to a Bloomberg News report from Seoul.

Seoul Korea has laid the foundation for the overhaul of its battered banking system and will try to set up a framework for corporate reforms by the end of next month, said Paul Rawkins, director in charge of sovereign rating, Far East, at the world's third-largest rating agency.

He said that South Korea "appears to be halfway through" a restructuring.

China Cracks Down on Futures Firms

Reuters

BEDING — Authorities in China's southern Guangdong province have shut down at least nine brokerages for illegally conducting futures trading in Hong Kong's Hang Seng index, the semi-official China News Service reported Friday.

Authorities recently fined and seized illegal profits totaling more than 2.1 million yuan (\$254,000) from five futures brokerages in Shenzhen, a fast-growing city bordering Hong Kong, the news-service said. It did not say where the other four brokerages were located.

One futures brokerage based in Shenzhen was found to have engaged in unauthorized futures

brokerage since 1982, the news-service said.

Some brokerages even engaged in domestic commodities futures trading without official approval and charged clients exorbitant commissions, it said without giving further details.

Overseas futures trading is banned in China.

Beijing has been intensifying a nationwide crackdown on illegal futures trading this year to stem losses by state companies and novice investors amid increasing market volatility caused by the Asian financial crisis. The crackdown comes amid a reorganization of the domestic futures market that will leave just three out of 14 exchanges in business.

Japan's Stimulus Plan Could Top \$180 Billion

Bloomberg News

TOKYO — A Japanese economic stimulus plan will be larger than initially expected but probably will not include a cut in the nation's sales tax, government officials said Friday.

The plan, to be detailed Monday, may top 22 trillion yen (\$180.62 billion), or more than 4 percent of gross domestic product, said a senior ruling party official, who asked not to be identified. That would be up from the ruling party's initial plan of about 17 trillion yen when loose plans for the economic package were unveiled Thursday.

"It will be fairly substantial in size," Finance Minister Kiichi Miyazawa said.

But the package, the latest in a series of efforts to lift the economy out of recession, will not include a cut in the 5 percent consumption tax, said the government's chief economic planner, Taichi Sakaiya. The tax was raised from 3 percent last year.

"There's too much political strife for consumption tax cuts to be passed easily," said Paul Benson, a capital markets manager at West-deutsche Landesbank.

The governing Liberal Democratic Party's initial 17 trillion yen stimulus plan called for more than 10 trillion yen in public works spending and 7 trillion yen in tax cuts. The cuts were to include 4 trillion yen in income tax cuts, the lowering of the top income tax bracket to 50 percent from 65 percent and a reduction in the corporate tax rate to 40 percent from 46 percent.

The party also called for the distribution of 700 billion yen in gift certificates to encourage Japanese to buy consumer goods. The package is also likely to in-

clude some 5 trillion yen in additional measures, including funds for the government's Japan Development Bank to make loans to companies that cannot get bank loans because of the credit crunch, officials said.

The government also plans to give credit guarantees for bank loans to promote lending, they said.

Investors, who sold stocks Thursday on skepticism about the original plan, were more enthusiastic Friday, lifting the Nikkei average of 225 stocks by 193.15 points, to 14,268.21.

ALCATEL: Burned by the Market, Company Vows Transparency

Continued from Page 11

plants with the loss of 30,000 jobs. He became a darling of investors, but analysts said, raised expectations too high. Had it not been for excessive hopes and had it not just concluded the DSC deal, the analysts said, Alcatel's problems might have been written off as a casualty of the global economic downturn. What caused the share collapse was not just the figures but a fundamental loss of confidence in the direction the company was heading.

Alcatel reported a tenfold increase in profit for the first half of 1998, to 15.2 billion francs, but this result was inflated by the sale of the company's share in GEC-Alsthom, a manufacturer of trains and heavy equipment. Income from operations increased to 2.3 billion francs in the first half of 1998 from 2 billion francs in the corresponding period in 1997, and total sales for the same period increased 25 percent, to 61.6 billion francs, the company said.

What sent investor confidence plunging Sept. 17 was Mr. Tchuruk's admission of a dramatic slowdown in sales, not only in emerging markets but to the company's traditional customers in Europe, where orders had shrunk by as much as 37 percent.

"It was not the result that had been expected," Mr. Prabhu acknowledged.

In the future, Alcatel said it

would issue quarterly reports on earnings and prospects — a recognition that damage could have been limited had it taken the trouble to properly inform the U.S. institutional investors who held an estimated 50 percent of its stock.

The company this week announced a major reshuffling of management and introduced procedures to improve internal reporting. In the past, the corporate structure was based on semi-autonomous subsidiaries dealing with monopoly public operators. With the deregulation of European telecommunications markets, the company was reorganized around 10 profit centers. The latest reorganization, a spokesman said, is aimed at improving coordination between profit and geographical centers.

The telecommunications unit now will focus on three core markets: public networks, the information highway, and the business and general public sector.

Mr. Prabhu said that with the reorganization completed, the company is now well positioned to cope with the explosive growth of communications engendered by the Internet. Telecommunications and electronics now account for two thirds of its activities, and other sectors, such as cables and components, are closely related to the core business. As part of the management shake-up this week, Mr. Prabhu, an

American, was put in charge of the telecommunications sector and appointed to the executive committee.

In moving into the American market, Alcatel faces heavy competition from powerful rivals such as Lucent Technologies Inc., Cisco Systems Inc. and Nortel Networks Ltd.

However, Mr. Prabhu said the acquisition of DSC had given the company a "critical mass" in the United States, where it would concentrate on building "Internet-friendly" products and systems, such as a Web-surfing screen phone now being tested in Europe.

It has also developed super-fast cable connections that could within months replace modems in personal computers.

Mr. Prabhu said Alcatel was working on networking solutions that would allow

public operators and corporations to handle the ever larger data flows created by the Internet.

The company is concentrating on increasing capacity on existing systems — by as much as 100 percent on local area networks — and on bridging the differences between mobile and fixed phone networks and on providing seamless voice-and-data systems.

The company also is developing "intelligent networking" solutions that would, for example, enable secure credit card transactions on the Internet.

Mr. Prabhu said Alcatel was able to bring a global perspective to a market dominated by industry giants like Lucent.

"They still get their business from the United States and the bulk of that from AT&T," he said.

GIOVANNI AGNELLI e C.
Società in accomandita per azioni
Via del Carmine 10 - Turin (Italy)

The Board of General Partners of Giovanni Agnelli e C. S.p.A., meeting in Turin under the Presidency of Giovanni Agnelli, decided to make a Public Purchase Offer for the shares of its associated company Exor Group, quoted on the Luxembourg Stock Exchange. The offer will be launched through a newly constituted Luxembourg company controlled by Giovanni Agnelli e C. and will have as its objective the entire capital stock of Exor Group excluding the shares owned by Giovanni Agnelli e C. S.p.A. (8.5% of preferred stock) and by its controlled company IFI - Istituto Finanziario Industriale (24.8% of ordinary shares and 5.7% of preferred shares). The bidder reserves the right not to accept the shares offered, if less than 50% of the ordinary shares and of the preferred shares are tendered.

With this transaction Giovanni Agnelli e C. intends to gain control of Exor, together with IFI, and to offer to the Exor shareholders the opportunity to dispose of their shares, considering the limited volumes traded at the Luxembourg Stock Exchange. Exor's activities include 19% of Club Mediterranée, 75% of Chateau Margaux, 19% of Société Foncière Lyonnaise, 20.5% of Rockefeller Center Properties Inc., 30% of the American company Riverwood International, 5% of the trading company Li & Fung, 5.6% of Albaros Investissements, 5.2% of Espirito Santo Financial Group, together with portfolio investments and liquidity. If this offer is successful, Giovanni Agnelli e C. intends to privatise Exor, requesting that it be delisted from the Luxembourg Stock Exchange. The tender offer is voluntary and provides that the entire payment be in cash. The offered price will be \$ 104.50 per ordinary Exor share and \$ 105.50 per preferred share, taking into account the differences shown between the two categories of shares over the past six months. These prices correspond to a premium of about 10% over the average quotations of the past six months. The value of the bid, in case of total acceptance, would amount to about \$ 1.6 billion. Giovanni Agnelli e C. arranged adequate financial means to cover this investment. The technical details of this offer will be announced as soon as they have been defined. This transaction will strengthen and simplify the structure of the Group.

Philippine Phone Bid Delayed

Bloomberg News

MANILA — First Pacific Co.'s attempt to take over Philippine Long Distance Telephone Co., the nation's largest telecommunications concern, could be delayed by at least a month after a rival bid emerged Friday.

Alfonso Yuchengco, a board member and former chairman of the company, invoked a clause that allows him to match First Pacific's bid for control of PLDT, a banker familiar with the transaction said. The takeover, which could be worth as much as \$750 million, would be the largest over in the Philippines.

PLDT's chairman, Roberto Romulo, said an acquisition announcement would be made "early next week." He declined to say whether First Pacific, a Hong

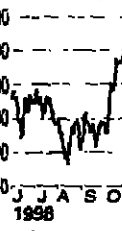
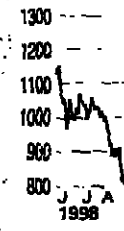
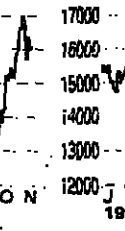
Kong-based holding company of Indonesia's Salim Group, would win its bid.

"I'm confident whatever is coming out will be good for PLDT," he said in Kuala Lumpur, where he is one of several business executives meeting during the annual Asia-Pacific Economic Cooperation forum.

Mr. Yuchengco, the Philippine ambassador to Japan until June, owns a little more than 1 percent of PLDT's shares. The bank he founded, Rizal Commercial Banking Corp., handles many PLDT accounts, including dividend checks on its stock.

Mr. Yuchengco's decision to exercise his right of first refusal may do little more than delay a winning bid by First Pacific, said Samirino Mejia, head of research at Guoco Securities Philippines Inc.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225		
				
Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	9,997.99	9,948.18	+0.50
Singapore	Straits Times	1,206.91	1,197.19	+0.81
Sydney	All Ordinaries	2,681.30	2,708.30	-1.00
Tokyo	Nikkei 225	14,268.21	14,075.06	+1.37
Kuala Lumpur	Composite	465.08	460.77	+0.94
Bangkok	SET	333.59	333.06	+0.16
Seoul	Composite Index	404.30	403.52	+0.19
Taipei	Stock Market Index	6,829.62	6,654.79	+2.63
Manila	PSE	1,711.98	1,734.15	-1.28
Jakarta	Composite Index	355.54	357.98	-0.68
Wellington	NZSE-40	1,994.91	2,014.71	-0.98
Bombay	Sensitive Index	2,976.12	3,008.57	-1.11

Source: Telekurs
International Herald Tribune

Very briefly:

- Matsushita Electric Works Ltd., the maker of lighting equipment and building materials, said it would reduce its work force by about 10 percent over the next three years as part of its efforts to streamline.
- Japan's nine oil refiners and wholesalers posted a total pretax loss of 6 billion yen (\$49.1 million) for the six-month period ended Sept. 30, the first interim loss since 1985, the Petroleum Association of Japan said.
- Dai-ichi Kangyo Bank Ltd. sold 30 percent of CITI Group Inc. for \$1.3 billion, trading its controlling stake in the U.S. finance company for cash to bolster its balance sheet.
- Japan's Securities and Exchange Surveillance Commission, a securities-industry watchdog, issued a warning to the Tokyo-based unit of Dresdner Bank AG about falsifying securities trading reports: Dresdner Kleinwort Benson (Asia) Ltd. submitted false reports in 18 instances, the commission said.
- China's investment in plant and equipment rose 28.4 percent in October compared with the like month a year ago amid government efforts to boost economic growth by maintaining spending on infrastructure.
- Singapore approved the setting up of the country's first real estate investment trust, lifting property stocks.
- Nomura Securities Co. named three Tokyo-based executives to manage global risk after large losses abroad prompted the company to bring its risk-management operations back to its home office.
- Aetna Inc., the largest U.S. health insurer, said it hoped to expand into Malaysia's health insurance market, the national news agency Bernama said.
- Japan Tobacco Inc., the nation's sole domestic cigarette maker, said its first-half net income rose 29 percent to 43.3 billion yen on higher sales at its drugs and food businesses.
- Fuji Photo Film Co. said a lower tax burden helped lift first-half earnings 2.5 percent to 51.48 billion yen, offsetting a drop in operating profit caused by falling demand and prices for film in Japan and Asia.

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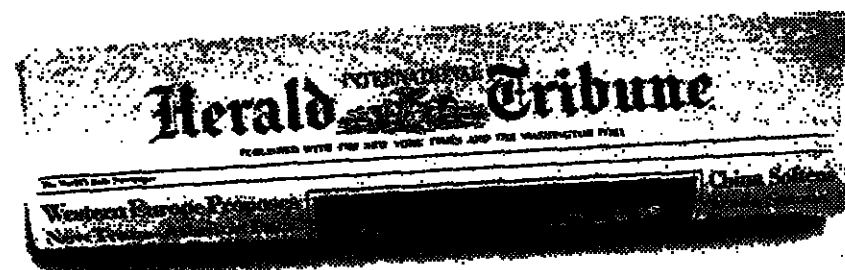


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Around the Marketplace in an Uncertain World With 5 Investors

By Aline Sullivan

WHAT ARE THE best stocks to own in an uncertain world? That was the topic of the Money Report's second annual roundtable discussion at the Algonquin Hotel in New York. Five professional investors joined the editor, Aline Sullivan, on Nov. 5 for a debate on the opportunities in today's volatile markets.

Three of the investors were joining us for a second year: Jean-Marie Eveillard, president and portfolio manager at SocGen International Fund; Michael Levy, managing director and head of international equities at Bankers Trust; and Peter Canelo, U.S. investment strategist at Morgan Stanley Dean Witter.

The two new faces—Caesar Bryan, senior vice president of Gabelli Asset Management Co., and Raj Gupta, partner and head of macro investments at Omega Advisors—broadened the international perspective.

Ms. Sullivan: The world has changed a lot since we last met. Let's start by

earnings and psychology. Rates are clearly favorable. Earnings are a bigger problem and one which I am greatly concerned about. Growth forecasts seem to be coming down all over the place. But the really tricky problem is the psychology. We are not used to this. We are used to demand and inflation picking up and the Federal Reserve Board raising rates. This is different. It is best to be fully invested but very careful about where.

Mr. Eveillard: I agree with Michael that there are pockets of opportunity but they are certainly not in the big stocks of the U.S. or Europe. These are vastly overvalued now. But that doesn't mean they won't become even more overvalued in the near term.

Mr. Gupta: There are spurts of liquidity that make it difficult to call the stock market on a day-to-day basis. But a very clear trend is emerging now: There are broad signs of weakness in the U.S. and Europe while consumer confidence has turned down very significantly and is already at record lows in Japan. Bond yields are low and heading lower. The outperformance of bonds versus the average stock is already quite extraordinary. At the same time, the banking sector in all major countries is underperforming the underlying index. That's a clear premonition of the global credit crunch that is coming.

Mr. Canelo: The bear market in small companies in the U.S. and the panic in big-cap stocks is over. I think U.S. stocks are fairly valued and I think the U.S. economy will surprise everybody here.

Ms. Sullivan: Why are you so much more positive than the others here?

Mr. Canelo: A lot of people think earnings are going to go down. I think they are going to go up. In large part, that's because the percentage base is so easy: The huge declines in technology earnings in the first half of the year, in autos in the middle and banking at the end means that we are going to see a pretty impressive increase next year, maybe 10 percent. Also, the American economy is doing very well. But the Federal Reserve will continue to lower rates because manufacturing exports are still weak. The dollar may go to the mid 1.50s against the mark [down from the current 1.68]. That will help stem some of the deflationary pressure that we are seeing on materials prices. I think the world will see us in 1999 as the best place to be invested in equities.

Mr. Eveillard: So we are an oasis?

Mr. Canelo: We absolutely are.

Ms. Sullivan: Isn't it partly good luck that the U.S. has so far withstood what is otherwise a global economic crisis?

Mr. Canelo: It's not luck, it's a good policy. We reduced our tax rates and reduced the levels of regulation. The president has basically governed as a centrist Republican. Early next year, he will try to ensure his legacy by partially

RAJ GUPTA
Omega Advisors



“The Asians have been through a lot of pain and they expect nothing. That is usually the starting point for a major bull market.”

privatizing the social security system. That will divert 2 percent of U.S. personal income into the financial markets. That's 2 percent of \$7 trillion. That's one of the reasons I think the market will go to new highs before the end of the first quarter and maybe even before the end of this year.

Ms. Sullivan: Michael, when you mentioned pockets of opportunity, were you thinking of the U.S.?

Mr. Levy: I have no problem with certain stocks in the U.S. I like Air-Touch Communications Inc., which has tremendous assets in interesting companies overseas. The stock is selling in the low \$50s; it should be in the low to mid-70s in the next 12 months. I also like USEC Inc., which has 40 percent of the global market for enriching uranium ore. It's selling for roughly \$15 and has a current yield of 7.5 percent, with a progressive dividend policy.

But I think this latest bounce back has gone ahead of itself. Peter, there is clear liquidity for stocks. But one has to question where it is coming from. Unfortunately, there may be a link between this and the negative savings rates in the U.S. The fact is that people are spending an enormous amount of their disposable income.

Mr. Canelo: Absolutely. Spending big time and putting huge amounts of money into money-market mutual funds. That's called savings, \$50 billion a month.

Mr. Levy: People are refinancing homes and buying goodies for Christmas, too. [The participants all agreed that there is currently a refinancing boom in the U.S.]

Mr. Canelo: That's one of the reasons this economy is going to surprise you. You buy a house now and you have to put things in over the next year.

Mr. Levy: But housing is the only part of the economy that is in remotely good shape.

Mr. Canelo: No, that's not true at all. Regional banks like First Union, Met-

ion Bank, Bank of New York, look incredibly good value now. But so do retailers like Home Depot Inc.

In the tech area, which is my favorite, we are beginning a new cycle with new and faster machines. Europeans are behind on the year 2000 problem and are going to buy our software and equipment. There is great opportunity in Intel Corp., International Business Machines Corp. and Cisco Systems Inc. I also like pharmaceuticals. What is happening in Thailand absolutely has no effect on Eli Lilly & Co. or Warner-Lambert Co. These are driven by demographics and as baby boomers get older these are going to be fantastic stocks to own.

Ms. Sullivan: What about Microsoft Corp. and Bill Gates's difficulties?

Mr. Canelo: I think he is going to win. The computer companies have always bested the government.

Ms. Sullivan: Jean-Marie, what's your view on the United States?

Mr. Eveillard: The market is so broad that there are bound to be a few securities that provide decent or good absolute value. But it's like trying to find a needle in a haystack, particularly since small stocks bounced back 15 percent or 20 percent over the past month.

By the way, managers who talk only about relative values are taking the overall market for granted. That is a potentially a dangerous game. If you had played the relative value game in Tokyo in the late

1980s, you would be half dead today.

Mr. Gupta: The best way to look at savings is to look at the current account deficit and subtract the government deficit from that. That number in the U.S. is really quite extraordinarily low. Basically, foreigners are funding the liabilities of U.S. assets.

Mr. Martin: Can we expand on that?

Mr. Gupta: Over the last 10 years, the U.S. cumulative account deficit has been about 10 percent of gross domestic product. So the U.S. actually borrowed from the deficit about 10 percent of its GDP. It's not a problem as long as foreigners want to buy U.S. assets. But they will withdraw some of this capital when they become dissatisfied with the investment opportunities available in the U.S.

Ms. Sullivan: Do you see signs of that happening now?

Mr. Gupta: The dollar is the key sign. It has taken a dramatic turn against the mark and the yen. Japanese investors invested about 10 trillion yen in foreign assets at between 135 and 145 to the dollar between 1995 and 1998. That trade has gone sour in a very big way: They are sitting on a 2 trillion yen loss. That will make them determined liquidators of those investments.

Ms. Sullivan: Are any investments particularly susceptible to this Japanese exodus?

Mr. Gupta: One of my favorite trades will be to short the dollar in the next 12 months. My view is that you should go with the Fed, but much more aggressively than most people realize—enough to really bet on a very sharp drop in U.S. interest rates and outperformance by the bond market.

Mr. Martin: That could be good for the stock market unless the economy stops growing.

Mr. Gupta: That is exactly right. Many small-cap stocks are undervalued. Some have been extremely oversold. The credit crunch would have to get quite out of control in the U.S.—more so than it did in the 1990s—before you would see such a restriction of credit to small companies that they would start to go out of business.

Mr. Canelo: I agree that shorting the dollar is a good trade. But let me give you a different perspective on the dollar. From April 1995 until this August, the trade-weighted dollar rose 30 percent. That is one of the precipitating causes of the

problems you have seen around the world. Of course, emerging markets have other problems, such as crony capitalism.

Mr. Eveillard: Oh, crony capitalism is a minor factor. Look at the U.S. coming to the rescue of John Meriwether [head of the failed hedge fund Long-Term Capital Management LP].

JEAN-MARIE EVEILLARD
SocGen International Fund



“We seldom get involved in bank stocks because it seems to me that bankers always find a way to hurt themselves.”

Mr. Canelo: The strong dollar has made it harder for emerging markets to export, harder for them to pay their debts. Half of them devalue, making it even more difficult. A strong dollar makes internationally traded commodities, which are all priced in dollars, much more expensive. That cuts the demand for oil, paper, metal.

The decline of the dollar, now 10 percent on a trade-weighted basis since President Bill Clinton's problems began to erupt in July, is actually part of the solution to the problems of the international markets. It is also the solution to the problems of our exporters.

The Fed's job is to save the world. I don't think it can do that. But at least it can save the United States from the world.

Mr. Levy: But our exports, Peter, will do nothing for the emerging markets. They were all planning to export to the United States. It is a circuitous argument.

Mr. Canelo: But all of the emerging

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PETER CANELO
Morgan Stanley Dean Witter



“The bear market in small-caps is over. I think U.S. stocks are fairly valued and I think the U.S. economy will surprise everybody.”

asking how each of you feels now. Does the volatility of recent weeks signal imminent doom? Or are we still in a bull market in the United States and Europe, and on the road to recovery elsewhere?

Mr. Levy: Investors can make money through all of this. In fact, through equity investing I think we will make money. There are pockets of opportunity throughout the world. But we haven't seen the end of volatility and that calls for a more cautious stance. We have to look for stocks that will make money in a very difficult, confused financial market and economic environment.

Mr. Bryan: Look at interest rates,

Big Guys Offer a Smooth Global Ride

ASIA BECKONS, but Russell Hawkins resists its blandishments. He is the manager of the international stock mutual fund that Value Line currently ranks number one, and, of his top 60 holdings, none is based in an Asian country.

On Friday, I presented the case for Asia, where stocks, while soaring lately, are still 50 percent below their levels when the financial crisis broke last year. But Asia is for those gutsy investors who can stand a lot of volatility; wild ups and downs are practically guaranteed in the months and years ahead.

There's another alternative for investors who want global exposure but a smoother ride, and funds like Dreyfus Premier Worldwide Growth, which Mr. Hawkins directs, can provide it.

The beef Mr. Hawkins has with Asia is that most of its companies seem to be run more for the managers than for shareholders, and the income statements and balance sheets of these firms are not particularly transparent.

Asian companies, he says, lack “visibility.” Nor does he own stocks in any emerging markets—Asian, Latin American or European. “Globalization,” he says, “plays into the hands of large corporations instead of small.”

He prefers the big guys, who can send their goods across borders to compete with local companies.

He is not the only one. Helen Young, Hayes, manager of Janus Worldwide, has also found that a blue-chip, non-Asian approach works in global investing. Of her top 20 holdings, only one, Sony Corp., is based outside the United States or Europe. The fund ranks No. 3 among its peers in total return for the past five years.

Samuel Mitchell and Christopher Niemczewski at Marshfield Associates, a Washington money-management firm, have written clients to say that they favor “companies with strong and growing global market positions,” and that “going global is tantamount to going to where the growth is.” After all, 83 percent of the world's population lives outside the United States, Europe and Japan. But, to “minimize avoidable errors,” the Marshfield folks are not buying Asian companies—or Euro-

pean. “We have limited our global investments to businesses that American companies tend to dominate and to companies whose accounting we trust and whose managements are intensely focused on maximizing cash returns on capital,” they say.

That's an excellent strategy. Among the global U.S. firms Marshfield likes: McDonald's Inc., Walt Disney Co. and PepsiCo Inc.

The Dreyfus and Janus funds have significant holdings of U.S. stocks and are thus classified as “global,” rather than “foreign.” For example, the headquarters of 25 percent of the companies that Ms. Hayes owns are in the United States, with 64 percent in

script, which is why Ms. Hayes makes Microsoft Corp. her number-two holding, and so do drug stocks, which is why Mr. Hawkins owns Pfizer Inc., Roche Holdings Ltd. of Switzerland, Johnson & Johnson, and Bristol-Myers Squibb Co.

Most of the world's best drug companies are American, but among the Dreyfus fund's top 15 holdings are British Petroleum Co., Pearson PLC of Britain, the diversified media and entertainment company that owns the Financial Times; L'Oréal SA, the French cosmetics company; and Nestlé SA, the Swiss packaged-food concern.

Other foreign stocks that Mr. Hawkins owns (and that you might want to crib for your own portfolio): AXA-UAP SA, the French-based insurance

group that also owns a majority of U.S.-based Equitable Cos., which in turn owns much of the broker Donaldson, Lufkin & Jenrette and Alliance Capital Management; Daimler-Benz AG, the German automaker that just completed its merger with Chrysler Corp.; Telecom Italia SpA; Royal Dutch Petroleum, the oil giant that owns Shell; and Christian Dior SA, the luxury conglomerate that owns Louis Vuitton luggage and Moët et Chandon Champagne.

The top holding in the Janus fund is Rentokil Initial PLC, a British environmental services company. Other foreign stocks that Mr. Hayes owns include Alko Nobel NV, the Dutch health-care and chemicals company; Lloyds TSB Group PLC, the British financial services firm; and Novartis AG, the Swiss pharmaceutical giant.

But while the Janus fund is superb, allow me to rapscall over how well Dreyfus Premier Worldwide is managed. Portfolio turnover over the past four years has averaged less than 10 percent (compared with 80 percent for the Janus fund), indicating that Mr. Hawkins likes to keep his stocks for 10 years or more.

The only drawback is a load that, depending on how much you invest, can run up to 5.75 percent.

Whatever your choice, do not neglect global investing. And, for the fearful, the blue-chip route, with ample dilution in U.S. stocks, may be the most comfortable way to travel.

Washington Post Service

JAMES K. GLASSMAN ON INVESTING

Europe (mainly Britain, France, the Netherlands and Switzerland). Sixty percent of Mr. Hawkins's companies are based in America, but sales are divided about 50-50 between the U.S. and other countries, and it is the ability of the companies to expand geographically that should allow them to keep compounding their earnings.

Mr. Hawkins looks for companies with a proven record of growth. From the start of 1986 through Sept. 30 of this year, the average stock among his current top 15 holdings has risen 21 percent annually, compared with 14 percent for the stocks of the Dow Jones industrial average, 13 percent for Germany's DAX and 3 percent for Japan's Nikkei.

This kind of growth means high prices, but Mr. Hawkins is not worried.

“If you've got good visibility of earnings,” he says, “there aren't many stocks that are too expensive.”

Lately, his fund has been favoring drug companies, which use their cash flow to make heavy investments in new products, which in turn have built-in patent protections against competition. His No. 2 holding is Merck & Co., which trades currently at a price-to-earnings ratio of 34—but which is posting 15 percent-a-year earnings growth.

“My idea of a great stock is one where the cost of the first copy of a product costs \$2 billion and the next copy costs one cent,” he says.

Software companies meet that de-



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Impediments to a recovery in developing stock markets and economies remain, but a bottom in the beaten-down markets may be in place. So says Mark Mobius, head of the emerging-markets division at the fund manager, Franklin Templeton Group, and one of the pioneers of emerging-markets investing.

"Optimism is beginning to return to some of the emerging markets — not all, of course, but we are seeing some dramatic rises in the prices of some of the emerging-market stocks, particularly in Asia," he said.

"Of course, this isn't surprising, since we've started

from very low prices," he added. "The declines in emerging markets have been as much as 70 or 80 percent, even 90 percent in some cases, and the percentage change from a low base can be very dramatic."

Mr. Mobius has reason to be cautious. He has a brilliant long-term record, but was caught flat-footed last year when Asian and other developing markets peaked. Many of the funds he controls performed dismally, even compared with similar funds.

The rebound in share prices belies the lingering economic turmoil in Asia, where many companies remain saddled with debt denominated in foreign currencies that have appreciated strongly against local currencies.

"It will take time for them to pay back these loans," Mr. Mobius says. "Some of the companies will survive. Some will survive, but it will take time for them to reach a strong financial position."

A heartening sign is that foreign investors who can afford to wait — mainly operating companies rather than portfolio managers — have been coming back into emerging markets "in search of very good bargains," he said.

Mr. Mobius also said that hedge funds' difficulties were actually a hopeful sign.

"We think the hedge fund, crippled as a result of the Long-Term Capital Management disaster, they are going to find it much more difficult to get loans from banks," he said. "In shorting the market with the great sums available to them, they were able to push prices down to unreasonably low levels. Now, without that kind of leverage, we think they are going to be less and less of a force in these markets." (IHT)

Talk of Buybacks May Be Just That

Several closed-end funds listed on American stock exchanges have announced plans in recent weeks to buy

back shares. But Thomas Herzfeld, an investment adviser who specializes in closed-end funds, said that while buybacks were generally good news for investors, the announcements should be treated with circumspection.

A closed-end fund is a pooled investment, like a mutual fund, only the number of shares outstanding is fixed and subject to supply and demand. Because the fund have not been coveted by investors, many trade at deep discounts to the value of the holdings in their portfolios. Buyback programs are usually intended to narrow the discounts.

That can occur for two reasons, Mr. Herzfeld said. The first is straightforward: When the fund buys its shares at a discount, the net-asset-value for the remaining shareholders rises.

He used the example of a fund with \$100 million in assets and 10 million shares issued, making each one worth \$10. Say the fund is trading at \$9, a 10 percent discount. If the fund buys back 1 million shares at that price, what is left is a fund with assets of \$91 million spread over 9 million shares. That makes the net-asset value per share \$10.11 or 1.1 percent higher.

The less technical, but possibly more important, factor is that the buying of shares boosts demand for the fund in the market and creates an impression that the managers are taking firm steps to reduce the discount.

Mr. Herzfeld adds, however, that managers do not always follow through on buyback announcements.

It comes to share buybacks among closed-end funds, many funds maintain the authorization to repurchase their own shares in the open market, but only a handful buy back significant numbers of shares," he said. Some funds even go to the trouble of reiterating their buyback policy in every report to shareholders, yet never buy back a single share, he added. (HT)

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THE MONEY REPORT

Scanning the World's Volatile Markets for a Few 'Pockets of Opportunity'

Continued from Page 17

plots that are in trouble are linked to dollar.

Mr. Levy: But who is going to buy exports?

Mr. Canelo: The non-dollar world.

Mr. Canelo: No, Europe.

Mr. Bryan: That will be a first.

Mr. Gupta: All around.

Mr. Martin: Everyone will agree that

U.S. is not big enough to by itself pull

world out of a deflationary spiral.

Mr. Gupta: Europe? It is still like Europe. It is

suffering from as dramatic a case of

valuation as the U.S. It also has a

per earnings-growth potential. Con-

sumers are coming alive in core Europe.

employment is bottoming. Fiscal

is on the cards now. The fiscal

the strict criteria have been met. Yes,

Europe will do better than the U.S.

Mr. Ewellard: I am not very positive

about Europe. If you look at the three big

countries — Germany, France and Britain

— the people in charge, well, they are like

in that they don't believe in any-

thing now. But 20 years ago, they were

last-Marxists. If at any time in the next

few years, it looks like the populations in

these countries are veering to the left,

they are going to go back to their roots.

Also, big European stocks are almost as

expensive now as the big American stocks.

in small stocks are another matter. They

are done terribly for almost 10 years, so

that most institutional investors in

continental Europe think there is no way

they are going to do better. They say

because it is warmer inside the herd

but there isn't much profit in breaking out

just there is a tremendous valuation gap

between big and small stocks in

continental Europe. I am a great believer that

over time value will be recognized, if not

by individual or institutional shareholders,

then by corporate acquirers.

Mr. Gupta: We are getting into a

situation which happens in Europe at

pretty regular intervals. Monetary

authorities and the governments will be in

conflict with each other. The markets

will not wait for this conflict to be re-

solved. They will respond by pushing the

euro sharply higher against the dollar.

People underestimate how much the

strong dollar has helped the earnings of

large-cap Europeans and they under-

estimate how much it will hurt their

earnings on the way down.

One of the more attractive plays in

Europe now is to short German equities.

The reason I pick Germany is that the

large-cap stocks there are mainly cyc-

lical and financials. All the advance

indicators of growth in Europe are point-

ing down and the exporters are leading

that trend. On the financial side, I think

that disclosures about the poor reserving

and bad acquisitions have just begun.

Mr. Levy: I agree that there are defi-

nitely a lot of booby traps in the big

European financials and that most of the

stocks are to be avoided. But some were

very conservative and were still beaten

down very badly. Look at ING Groep

NV. It has been incredibly punished

because of its perceived exposure to

emerging markets.

Mr. Ewellard: It has been punished

because it has made big mistakes.

Mr. Levy: It has made some mistakes.

But ING pulled out of Latin America

before the problems. This is one of the

best-run companies in the world. The

Dutch, and ING management in par-

ticular, have an uncanny aversion to

losing money. I like that. When they

know that they have made a mistake, they

cut their losses. This stock is going to trade

at 160 guilders [up from its current 96].

I think there are other pockets of interest

in this uncertain environment. Urban

services, for instance. Last year, I mentioned

Suez Lyonnaise des Eaux SA. That is

still a great stock. The management is

doing absolutely everything right to create

value for shareholders, making the

company the leader in waste management

in Europe. It's trading at just a bit over 1,000

francs but is worth 1,400, easily.

A related company, Formento de

Construções y Contratos SA in

Spain, is trading at 7,870 pesetas and

should be up at 9,000 or 10,000 pretty

quickly. Societe Generale d'Entre-

prises SA, a large construction company

in France, is another. Its management is

actually focusing on how to make

money, not how to be big. It's ridicu-

lously undervalued: The stock should

double in the next few months.

Mr. Canelo: I am surprised that no

one has mentioned AXA-UAP SA.

Mr. Levy: AXA is great as well. So is

Credito Italiano SPA. These stocks

were thrown out with the bath water.

Financial services will be an interesting

area in Europe as the private sector takes

more responsibility for retirement.

There is great opportunity in domestic

banking and financial services compa-

nies that are serving the demands of more

sophisticated financial consumers.

The Bank of Ireland, for example. A

very interesting and very conservatively

managed company. It has great gearing

to the Irish economy, which is struggling

not to exceed 8 percent growth this year.

We could easily see shares rise to 15

pence from 13 pence now.

Bayerische Hypo- und Vereins-

bank, the biggest mortgage banker in

Europe, is another. Its exposure to East

German real estate shocked everybody,

but it is a basically very sound bank with

creative management. We could easily

see 170 marks, up from 120 now.

Argentina in Spain is a similar

opportunity. Again, very strong in the

consumer and mortgage area. Plus, the

chief executive has a major stake in the

company. Shares could rise to about 4,000

pesetas from 3,100 now. Erste Bank

der Oesterreichischen Sparkassen

AG in Austria: We are looking at 900

schillings from 630 today.

Mr. Bryan: I also own Bank of Ireland

shares. I don't think we have heard the last

of the Russia situation and many Euro-

pean banks have been really aggressive

now they have done it again. The Euro-

pean banks — the big ones, not the ones

Michael mentioned — are more exposed

than American banks, not only to Russia

but also to Asia, oddly enough. They are

even more exposed to Latin America.

And I think that Brazil has big prob-

lems. It has a choice between letting its

currency go, which the politicians don't

want to do, or having a serious recession.

Mr. Gupta: It is going to have a

serious recession either way.

Ms. Sullivan: That brings us to Asia,

and the emerging markets generally.

What is your outlook there, Raj?

Mr. Gupta: Asian economies have de-

preciated their currencies very significantly

and they have all managed to keep inflation

under control. Almost all the countries in

the region are running a current-account

balance or a very substantial surplus.

In addition, they have all managed to ne-

gotiate some kind of debt write-down.

In the case of South Korea, the banks

were convinced by the IMF to extend the

majority of short-term debt. In the case

of Indonesia and Thailand, the banks

were forced to write off the debt because

there is nobody there to pay it.

They've all had double digit econom-

ic contractions: Domestic activity has

plunged 20, 30 even 40 percent.

The Asians have been through a lot of

pain and they expect nothing. That is

usually the starting point for a bottom

and a major bull market.

Contrast this with Latin America,

where almost everything is wrong. Apart

from Mexico, the countries want to con-

tinue the value of their currency. But current

accounts are at cycle highs and deter-

iorating. In addition, there is no question

of debt write-downs because there is no

crisis yet. This is really not a sustainable

situation. In my view, one should be look-

ing to buy Asia and short Latin America.

Mr. Ewellard: We seldom get in-

vested in bank stocks because it seems to

be that bankers always find a way to hurt

themselves. Every few years they do it and

there and in Southeast Asia and Latin

America. But I don't think Bank of Ireland

is involved in any of these activities.

Mr. Levy: Its management says that

they have no emerging-market exposure.

Mr. Bryan: My other play in this

sector is Schroders PLC, which has been

hit hard, both in asset management and

investment banking. The stock has gone

to £10 from £22. It does do a few things in

Southeast Asia but is very involved in

European privatizations. It has about 100

billion sterling assets and has been ex-

panding into Continental Europe.

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WORLD ROUNDUP

Polish Club Banned

SOCCER UEFA said Friday that it had banned the Polish club Wisla Krakow from European competition for one year over an alleged knife-throwing incident in a UEFA Cup match last month.

The club "cannot take part in UEFA competitions in the first year it qualifies for European club play over the next five seasons" because of the "repulsive act of a Wisla Krakow supporter," European soccer's governing body said.

Wisla's president, Ludwik Mieta-Mikolajewicz, called the decision "too severe and harmful" and said the club would appeal. The police on Friday detained a 19-year-old man in the Oct. 20 incident, in which the Italian star Dino Baggio was struck by an object thrown from the stands. UEFA identified the weapon as a knife. (AP)

Tax Evasion Alleged

SOCCER Italian tax policemen asserted Friday that 12 present and past players of AC Milan evaded taxes over a seven-year period. According to news reports, among those under investigation are the Dutch internationals Ruud Gullit, Frank Rijkaard and Marco Van Basten, as well as Franco Baresi, Paolo Maldini and Christian Panucci. Court sources said Milan prosecutors must now decide whether to recommend indictment of players or officials. (AP)

Henman Clinches a Spot

TENNIS Britain's Tim Henman gained the penultimate place in this season's Hannover finale as he defeated Magnus Gustafsson, 6-3, 6-7 (7-0), in the Stockholm Open on Friday night. The victory guaranteed the world No. 10 the seventh of eight spots at the ATP Tour World Championships later this month. Britain's Greg Rusedski will take the last Hannover place with a victory on Saturday in the Stockholm semifinals. (AFP)

Piazza to Earn His Money

BASEBALL David Letterman, the American talk show host, commenting on Mike Piazza's new contract with New York Mets: "Ninety-one million dollars is an awful lot of money, but don't kid yourself. For Mr. Piazza, this is not an easy paycheck. This man, for the next seven years, has to attend every single Mets game." (LAT)

It's Time for the IOC to Make Amends to Victims of Drugging

International Herald Tribune
SEVILLE, Spain — There are already many discrepancies in the Summer Olympic record book. Leaf through the pages devoted to 1976 and Filbert Bayi, the great Tanzanian 1,500-meter runner, is nowhere to be seen. His nation refused to participate.

Turn to 1980, and there are no Americans: no Mary T. Meagher, then the world's best butterfly swimmer; no Greg Louganis, then the world's finest diver; no Carl Lewis, soon to be the main track and field attraction. But flip to 1984, and there are suddenly too many Americans, and not a single Russian, whose nation and other members of the Soviet bloc had responded to the 1980 American boycott with one of their own.

The Games are hardly some perfect vessel, but until now the International Olympic Committee has elected to steer conservatively and let the record of the past stand essentially untouched. With the exception of Jim Thorpe, whose 1912 gold medals were stripped because he had played professional baseball and then restored in 1982, it has been left to outsiders to suggest the asterisks.

It is time for a new course. The petitions that have been filed by the U.S. Olympic Committee and the British Olympic Association on behalf of their former Olympic swimmers should not be dismissed diplomatically on the grounds that — as one IOC official put it — "history is history with all of its ups and downs."

The USOC wants a gold medal for its women's medley relay team, which finished second to the East Germans in 1976. The BOA wants some form of compensation for Sharron Davies, who finished second to an East German, Petra Schneider, by 10 seconds in the 400 individual medley in 1980.

Both appeals are on solid moral ground: East German swimmers engaged in systematic doping that was state-sponsored and documented and has now been substantiated by the German court system.

Schneider has admitted using performance-enhancing drugs during her career and is suffering from heart problems at age 35 because of steroid use. It would not be fair to tar all the East German medal winners in the 1970s and 1980s with the same swift brush. But when there is legal proof or a

confession from an athlete, it would be equally unfair not to reflect this in the public record.

Medal redistribution strikes me as an attractive but potentially troublesome idea: If an athlete who, for example, finished fourth was not tested for drugs at the 1976 Olympics, is it fair to give that person a medal? But at the very least, there should be an asterisk by the name of the medal-winning offender and a brief explanation of how he or she was disqualified.

It is a question of credibility, and a question of re-establishing the proper tone and equilibrium in an international sports community that is currently wracked with mutual suspicion about drug use. It is not just the fans or the journalists who ask hard questions when a world record is set or some breakthrough achieved; it is the athletes themselves. And if the competitors cannot have faith in the outcomes of the races and the tournaments and the contests, why on earth should we?

"This is really part of a bigger issue," said Mark Howell, a BOA

spokesman, of the petition. "We hope Sharron's appeal will focus people's minds on finding a strong and solid way forward for international sporting federations, Olympic committees and the IOC to up the ante against people who are cheating."

This is a potentially seminal moment in world sport: one of those rare occasions where enough moral momentum and evidence accumulate to make substantive change possible. "I really think the IOC would rather all this just went away," Davies said. "But now so many different people feel something should be done that I really think they will have to act."

THE AMERICANS, as is their litigious wont, are beginning to push for it through independent legal channels; the French, with their longstanding affinity for centralized power, are pushing for it through government initiative. A new law concerning doping will be presented to the French National Assembly later this month. The Tour de France scandal —

one of the most painful and constructive things to happen to sport in memory — would not have come to light without intervention from the French police and other public officials completely removed from the cycling community.

Government intervention in sport is no panacea. Just look at East Germany.

When nations compete against nations, there is a need for a neutral arbiter. But the neutral arbiter, including the IOC, have proved painfully ineffective at combating drug use, and the IOC-sponsored congress on doping scheduled for February in Lausanne is a worthy but very farly endeavor.

There is too much to be gained in this era for athletes not to continue cheating unless the risk of being caught or punished severely is much greater.

The challenge now before the Olympic movement, a movement that is no longer picking up speed, is to increase those risks and to clamp down on the physicians, coaches and suppliers who provide access to illicit drugs. It is a Herculean task, but then isn't Greek lore at the core of the Games?

Two Old Pros, Graf and Norman, Try to Get Their Games Back

'A Pretty Big Deal' To Return to Garden

By Robin Finn
New York Times Service

PHILADELPHIA — Steffi Graf was jubilant about her 11th-hour qualification for the year-ending Chase Championships next week at Madison Square Garden in New York. For the surgery-prone Graf, 29, the chance to compete in her 12th Championships is both therapeutic and redemptive.

"It's a way to save a not-so-great year," she said at the Advanta Championships here, a key Chase tuneup. She was assured a spot in the field after Monica Seles' 6-3, 7-5 victory over Ai Sugiyama on Thursday knocked Sugiyama from Chase contention.

When Graf takes on Jana Novotna, the defending Chase champion, in the opening round, she won't be satisfied with simply getting there. That's not in her nature. But she will be gratified.

Now ranked 17th, a long way from her former hold on No. 1, Graf had found herself in the interesting position of plotting simply to qualify for the event she had dominated as recently as



Steffi Graf, who needed three sets to top Russia's Elena Likhovtseva.

1996. "After I won Leipzig on Sunday, we started counting the points I'd need to qualify for New York," she said. Until last year, when she missed Chase while recuperating from knee surgery, the event had been a year-ending rite of passage for 11 consecutive seasons. "To get back to the Garden this year, and to do it in this way, is a pretty big deal, even for me," she said.

Australian's Shoulder Again in Working Order

By Thomas Bonk
Los Angeles Times Service

THOUSAND OAKS, California — Greg Norman has won 18 times on the PGA Tour, has won more than 50 times around the world and has won two British Opens. But that was with his old body, before he had surgery that put his left shoulder back together.

It has been seven months since Norman walked disgustedly off the course at the Masters after he missed the cut, his shoulder aching, his arm numb, his mood black and his future uncertain.

So with Norman due to play his first competitive round since then at the Franklin Templeton Shark Shoot-Out beginning Friday at Sherwood Country Club, one of golf's superstars was about to start to find the answer to what could be a very troubling question.

With Norman's return to be a force in the game at 43 or is he one operation the other side of being relevant? For the record, Norman said he had no fear about coming back or how his surgically repaired shoulder would hold up.

"All I care about now is to go out and play the kind of golf I'm capable of

playing," he said. "If I do well, I'll be happy. If I don't, I'll still be happy because I know I've done all I can."

His orthopedic surgeon applauds Norman's attitude, but Dr. Richard Hawkins said he remained cautious about Norman's chances, at least in the early going.

"I think we're all concerned," he said. "I think we're all very anxious. You have to remember, years of hitting golf balls got him into this trouble."

Norman's left shoulder was a mess by the time he got to Dr. Hawkins last April. Dr. Hawkins saw bone spurs as well as instability in Norman's shoulder. All the golfer knew was that it hurt badly — and had been hurting for about 18 months. He also knew his shoulder was loose because it would pop out of place on his backswing and pop back into place as he continued his swing.

Dr. Hawkins made use of a new procedure to correct the shoulder's instability. Called electrothermal arthroscopy, the surgery shrinks the shoulder's supportive ligaments with probes that heat the tissue to 150 degrees Fahrenheit (65 degrees centigrade).

In a major concession to his shoulder,



Greg Norman, who says he "got my life back" while not playing.

Norman has cut back on his practice time. He said he now hits about 150 to 180 balls in a session instead of his usual 600.

The joy of his already affected arm off the course. In his seven months away from the game, Norman said he was able to spend more time with his family and continue in his business interests, which include his golf course design ventures.

He said he didn't miss the golf, especially the travel required to play the pro tour. "I got my life back," he said.

SCOREBOARD

ICE HOCKEY

NHL Standings

EASTERN DIVISION				
Team	W	L	T	Pts
New Jersey	8	3	0	16
N.Y. Islanders	6	3	1	13
Pittsburgh	6	3	1	13
Philadelphia	5	4	1	11
N.Y. Rangers	4	7	1	9
NORTHWEST DIVISION				
Team	W	L	T	Pts
Toronto	8	3	1	16
Buffalo	6	3	1	13
Boston	6	3	1	13
Ottawa	6	3	1	13
Montreal	6	7	2	14
SOUTHEAST DIVISION				
Team	W	L	T	Pts
Florida	6	7	1	13
Carolina	6	7	1	13
Tampa Bay	6	7	1	13
Washington	6	7	1	13
WESTERN DIVISION				
Team	W	L	T	Pts
Edmonton	8	0	1	16
St. Louis	6	4	1	13
Calgary	6	4	1	13
Chicago	6	4	1	13
CENTRAL DIVISION				
Team	W	L	T	Pts
St. Louis	8	0	1	16
St. Louis	6	4	1	13
St. Louis	6	4	1	13
St. Louis	6	4	1	13

BASKETBALL

EUROLEAGUE

SEVENTH ROUNDS				
Team	W	L	T	Pts
Barcelona	8	0	0	16
Real Madrid	7	1	0	14
CSKA Moscow	6	2	0	12
Partizan	5	3	0	10
Benetton	4	4	0	8
Asen	3	5	0	6
Valencia	2	6	0	4
Joazeiro	1	7	0	2
Unicaja	0	8	0	0

SOCCER

FOURTH ROUND, FIRST DAY

EUROPEAN CUP				
Team	W	L	T	Pts
Real Madrid	8	0	0	16
Barcelona	7	1	0	14
CSKA Moscow	6	2	0	12
Partizan	5	3	0	10
Benetton	4	4	0	8
Asen	3	5	0	6
Valencia	2	6	0	4
Joazeiro	1	7	0	2
Unicaja	0	8	0	0

TRANSITIONS

MAJOR LEAGUE BASEBALL

NATIONAL LEAGUE				
Team	W	L	T	Pts
Atlanta	8	0	0	16
San Diego	7	1	0	14
Los Angeles	6	2	0	12
San Francisco	5	3	0	10
San Francisco	4	4	0	8
San Francisco	3	5	0	6
San Francisco	2	6	0	4
San Francisco	1	7	0	2
San Francisco	0	8	0	0

FOOTBALL

MAJOR LEAGUE SOCCER

NATIONAL LEAGUE				
Team	W	L	T	Pts
Atlanta	8	0	0	16
San Diego	7	1	0	14
Los Angeles	6	2	0	12
San Francisco	5	3	0	10
San Francisco	4	4	0	8
San Francisco	3	5	0	6
San Francisco	2	6	0	4
San Francisco	1	7	0	2
San Francisco	0	8	0	0

CRICKET

INDIA VS. ZIMBABWE

INDIA VS. ZIMBABWE				
Team	W	L	T	Pts
India	8	0	0	16
Zimbabwe	7	1	0	14
India	6	2	0	12
Zimbabwe	5	3	0	10
India	4	4	0	8
Zimbabwe	3	5	0	6
India	2	6	0	4
Zimbabwe	1	7	0	2
India	0	8	0	0

THE WEEK AHEAD

SATURDAY, NOV. 14

Baseball: Toronto vs. New York Yankees.

THE WEEK AHEAD

SUNDAY, NOV. 15

Baseball: Los Angeles vs. San Francisco.

THE WEEK AHEAD

MONDAY, NOV. 16

Baseball: Boston vs. New York Yankees.

THE WEEK AHEAD

TUESDAY, NOV. 17

Baseball: Chicago vs. St. Louis.

THE WEEK AHEAD

WEDNESDAY, NOV. 18

Baseball: Philadelphia vs. Pittsburgh.

THE WEEK AHEAD

THURSDAY, NOV. 19

Baseball: Milwaukee vs. Cincinnati.

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Spain	1-800-368-3683	1-800-368-3683
UK	1-800-368-3683	1-800-368-3683

SPORTS

Salo Gets His 4th Shutout

Victory Lifts Islanders to First-Place Tie

The Associated Press
With their leading scorer, Zigmond Priddy, a holdout, the New York Islanders still have some concerns about their offense. They have nothing to worry about as far as goaltending is concerned, however.

Tommy Salo has suddenly moved into the spotlight with his standout play.

NHL Roundup

making 21 saves as the Islanders, playing at home, beat the Montreal Canadiens by 4-0 Thursday night.

"I'm happy for the shutout, but the most important thing is that the team is winning," said Salo, who took over the NHL lead with his fourth shutout.

Salo has been a saving grace for the Islanders — particularly with the team engaged in a bitter contract war with Priddy. The victory moved the Islanders back up to .500 at 8-8-0 and into a first-place tie in the Atlantic Division with New Jersey and Pittsburgh.

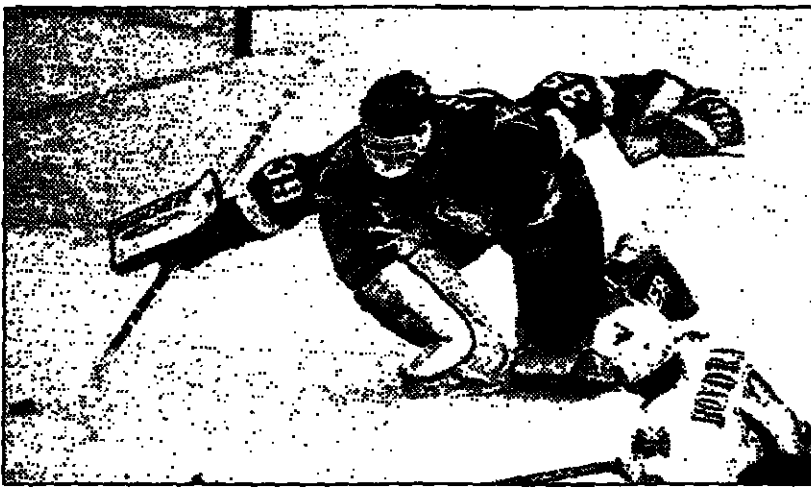
Martinez Czekawski scored his first

two goals this season, while Barry Richter and Robert Reichel also scored for the Islanders.

Sabres 2, Capitals 0 Dominik Hasek made 23 saves for his third shutout of the season, and Buffalo extended its unbeaten streak to seven games with a victory at home over Washington. Hasek, who has started and finished each of Buffalo's 13 games this year, recorded his 36th career shutout. Dixon Ward and Miroslav Satan scored for the Sabres.

Stars 3, Hurricanes 0 Mike Vernon stopped 20 shots for his 20th career shutout and Jeff Friesen scored twice as San Jose defeated visiting Carolina. For Vernon, it was his 334th victory, one behind Gump Worsley for ninth place on the NHL career list.

Panthers 2, Flyers 1 Mark Parrish scored two second-period goals and Kirk McLean made 39 saves as Florida won at Philadelphia, extending the Flyers' winless streak to seven games. Petr Svoboda scored the only goal for the Flyers, who outshot the Panthers, 40-15. Philadelphia's 0-5-2 streak matched its



The Sabres' Dominik Hasek making one of his 23 saves against Capitals.

longest winless streak since the 1994 team went 0-6-1.

Senators 1, Oilers 1 Andrei Kovalenko scored with 14 seconds left in regulation to lift Edmonton into a tie at Ottawa. Kovalenko beat the Senators' goalie, Ron Tugnait, with a shot from a sharp angle for his sixth goal of the season.

Maple Leafs 10, Blackhawks 3 Mats Sundin scored three goals as Toronto won a rout at Chicago, leaving the Black-

hawks winless in their last eight games. **Canucks 4, Flames 3** Bryan McCabe scored in his first game back after a contract dispute as Vancouver defense accounted for three goals in a road victory over Calgary.

Predators 3, Kings 1 Ville Peltonen and Sergei Krivokrasov each had a goal and an assist as the Predators, playing at home, beat Los Angeles for their fifth victory in seven games.

49ers Beware: Falcons Are Tougher Than Ever

By Mike Freeman
New York Times Service

49ers (7-2) at Falcons (7-2) It's time to start taking these Falcons seriously. The team is off to its best start ever, has a 12-4 record in its last 16 games and has won seven of its past eight against the NFC West. Here is the dangerous part for the Falcons: The 49ers always dominate them. San Francisco has won five straight and has scored 30 or more points in 11 of its past 13 games against Atlanta. But

NFL Matchups

the 49ers are reeling. Their offensive line is in shambles and their quarterback, Steve Young, is still aching from a groin injury. **Prediction: Falcons, 28-23.**

Bengals (2-7) at Vikings (8-1) This is one of those trap games for the Vikings. The Bengals, under Coach Bruce Coslet, have always been strong finishers. In 1995, they ended the year 4-2. The next season the Bengals finished 6-2, and last year 7-2. But Randall Cunningham gets the start, and the Vikings squeak by. **Vikings, 30-29.**

Dolphins (8-3) at Panthers (1-8) The Panthers have kept games close because of their quarterback, Steve Buehler, who is third in the NFC with a 91.7 rating. This game has upset written all over it. **Panthers, 17-14.**

Patriots (5-4) at Bills (5-4) Playing in Buffalo doesn't scare New England, which has won three of its past four there and seems to relish playing in front of the hostile Bills crowd. Basically, the loser of this game is out of the division title race. **Patriots, 18-14.**

Jets (6-3) at Colts (1-8) After the Jets beat the Bills last week, Coach Bill Parcells started his campaign of disinformation with his players, saying that the Colts are a good team, that quarterback Peyton Manning is playing well, that this team shouldn't be taken lightly. Wrong. The Colts are a bad team. **Jets, 35-13.**

Eagles (2-7) at Redskins (1-8) The Eagles are beginning to build a little momentum. The team has been recently propelled by a defensive end, Hugh Douglas. He has a career-high 11 sacks. There is no reason to think he won't add a few more sacks against the Redskins. **Eagles, 15-12.**

Steelers (6-3) at Oilers (5-4) This promises to be one of the most bruising games of the year. These two teams met earlier this month, and the running back Eddie George embarrassed a good Pittsburgh defense by

running for 153 yards and one touchdown. In the NFL, there are very few times when one team bashes another, then two weeks later does it again. **Steelers, 21-17.**

Rams (3-6) at Saints (4-6) Kerry Collins gets the start at quarterback, and his chance to save his career begins. And the New Orleans defense is playing well. **Saints, 14-7.**

Ravens (3-6) at Chargers (3-6) You know a team is in a desperate state when it benches the franchise quarterback, Ryan Leaf, for a backup who last year was 0-7. Craig Whelihan. The saving grace for San Diego has been the defense. **Chargers, 20-17.**

Seahawks (5-4) at Raiders (6-3) Quietly, one of the best quarterbacks in the league has been Donald Hallas. Donald Hallas? He replaced Jeff George three weeks ago and his play, combined with a defense that has allowed just two touchdowns in the last 10 quarters, means that Oakland's Jon Gruden is in the running for coach of the year. **Raiders, 17-15.**

Cowboys (8-0) at Cardinals (5-4) The Cardinals are over .500 for the first time since the football was invented. They are talking about how they have a chance to win the division. Next year, they will be good. This year, the NFC East belongs to Dallas. **Cowboys, 24-17.**

Packers (6-3) at Giants (3-6) The Packers are an angry team. They aren't used to getting beat up on Monday Night Football like they were against Pittsburgh. So they will come into the Giants game with a giant chip on their shoulder. There is no way the Giants offensive line can contain the Packers' front four. **Packers, 41-17.**

Buccaneers (4-5) at Jaguars (7-2) Tampa Bay plays well against the AFC, winning five of the past seven. But the Jaguars are one of the top five teams in the game and they've won 18 of their past 20 games at home. **Jaguars, 31-21.**

Bears (3-6) at Lions (2-7) Earlier this season, the Bears held Barry Sanders to just 28 yards rushing on 14 carries. Sanders will probably improve on those numbers, but not by much. The Lions have evolved into a bad team, a very bad team. **Bears, 10-6.**

Broncos (9-0) at Chiefs (4-5) The Broncos have a chance to become just the 16th team in NFL history to start 10-0, but they have to get by the Chiefs. It seems no matter how well the other team is playing, these hard-hitting and intense games are always close. Even Coach Mike Shanahan loses a few. **Chiefs, 34-31.**

A Big Game for Little Town on the Kansas Prairie

By Joe Drape
New York Times Service

MANHATTAN, Kansas — Their quarterback has been muzzled and their most decorated player is a 5-foot-9-inch Argentine-born kicker.

Their coach prefers chief executive officer-style power suits over the warmups sported by most members of his fraternity. He doesn't eat until midnight, when his workaholic day is over.

College Football

and he acts as if he would rather play the most important game in his program's history in an empty stadium, just the Kansas State Wildcats against the Nebraska Cornhuskers.

Instead, Bill Snyder and his K-State players have been found out. The eyes of the college football world and the national television cameras turned to this windswept prairie town in the northeast part of the Sunflower State to see whether the Wildcats are the best team in the nation, as the coaches have voted, or a nice squad puffed up to 9-0 on a diet of nonconference rice cakes.

Everyone will know on Saturday afternoon, when Kansas State plays host to Nebraska, a team that already has two losses this season, but also holds a huge psychological advantage over the Wild-

cats: The Cornhuskers have beaten them 29 straight times.

"This is not a make-or-break game for this program," Snyder said. "If you lose, it means you're 9-1. If you win, you're still undefeated."

In a profession that finds comfort in clichés, Snyder, 59, gives questions the way Bill Gates gives Senate testimony: pointedly, defiant and utterly confident.

In fact, what Snyder has done for Kansas State is the college football equivalent of what the Microsoft chief did to the computer industry. Ten years ago, Snyder was the offensive coordinator at Iowa when Kansas State brought him in to do something, anything, for a program considered the worst in college football. The Wildcats were 3-40 in the four previous seasons, averaged about 20,000 in attendance — less than half of capacity — and had facilities worse than some junior colleges.

Snyder rebuilt, however, with attention to detail rather than inspired genius. He got his assistants' salaries doubled, offered to write a \$100,000 check to help fund a new football facility and insisted Wildcat football operate on a minute-to-minute schedule — practices, meetings, even pregame introductions.

"I believe we've got it to four and a half minutes," Snyder offered.

In his first season, 1989, Kansas State was 1-10. But the Wildcats are 7-2-1 since then, have won at least nine games

for six consecutive seasons, and have won 17 consecutive games — the nation's second longest streak, only one behind UCLA's 18.

Now, KSU Stadium is consistently sold out at 42,000-plus and soon will be expanded to 50,000 with 31 luxury suites.

"Coach is all about business," said Martin Gramatica, who is closing in on his second Lon Groza Place-Kicker Award, is an all-American and has kicked field goals from 55 and 65 yards. "He pays attention to things others don't think about. He wants us to do the same. I guess you can say we're efficient."

So far, the Wildcats have been deadly efficient. They are ranked in the top 3 nationally in special teams and total defense. Their offense, led by the volatile and, by all accounts, combustible quarterback, Michael Bishop, averages 478.4 yards, 10th in the nation.

On a roster filled with good players you've never heard of, Bishop may be the greatest you may never hear from — at least this year. He has 10 rushing touchdowns and 18 touchdown passes against only one interception and is the nation's sixth most efficient quarterback.

One statistic, however, says more about Bishop's makeup and is responsible for the silence Snyder imposed on him after Kansas State's fifth game this season. Bishop is 44-1 as a starting quarterback, including two perfect sea-

sons capped by national championships at Blinn Community College in Texas. He is maniacally competitive.

Heading into the Colorado game in Boulder last month, Bishop publicly predicted a big day for Wildcat running back Frank Murphy, comments that the Buffaloes turned into bulletin-board fodder. Bishop proceeded to struggle through a 9-of-25 passing performance, throwing his only interception of the year, and the Wildcats barely escaped with a 16-9 victory. Worse, in the course of the night, Bishop berated himself and his teammates for their poor play. After the game, Snyder told him he could no longer talk with reporters.

Snyder does not apologize for making his leader unavailable, explaining matter-of-factly it is a distraction Kansas State doesn't need. His team, too, has taken on his businesslike character. None of them were highly recruited — all of them have settled into the anonymity of this town of 43,000 at a school more renowned for its veterinary school than football.

"Yeah, people don't know who we are and they question our schedule," said the wide receiver Darnell McDonald, referring to nonconference games against Indiana State, Northern Illinois and Northeast Louisiana. "But that isn't what it's about. We're just a bunch of fellas who came here to play for each other. We work hard and have unity."

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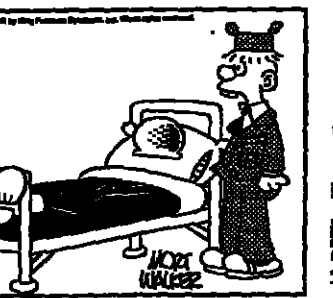
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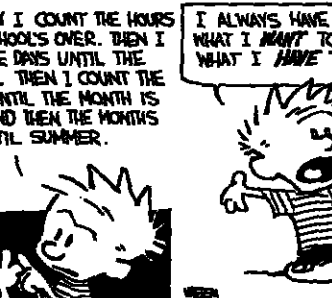
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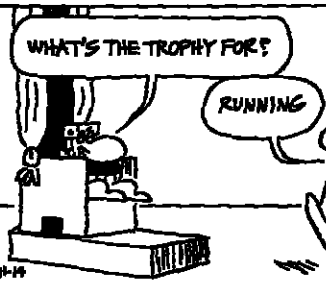
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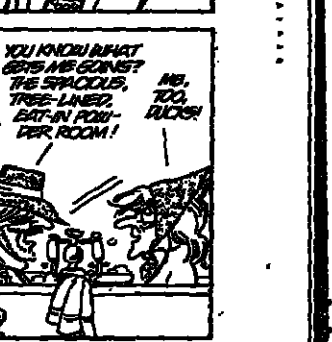
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DAVE BARRY

Bring on the Funnel!

MIAAMI — So this year, you agreed to host the big family Thanksgiving dinner. Congratulations! You moron!

No, seriously, hosting Thanksgiving dinner does not have to be traumatic. The key is planning. For example, every year my family spends Thanksgiving at the home of a friend named Arlene Reidy, who prepares dinner for a huge number of people. I can't give an exact figure, because my eyeballs become fogged with gravy. But I'm pretty sure that Arlene is feeding several branches of the armed forces.

And Arlene is not slapping just any old food on the table. She's a gourmet cook who can make anything. I bet she has a recipe for cold fusion. She serves moist, tender turkeys the size of Arnold Schwarzenegger, accompanied by a vast array of exotic hors d'oeuvres and 350 kinds of sweet potatoes made from scratch. I'm pretty sure Arlene threshes her own wheat.

If you were to look into Arlene's dining room at the end of Thanksgiving dinner, it would at first appear to be empty. Then you'd hear groans and burps coming from under the table, and you'd realize that the guests, no longer able to cope with the food and gravity at the same time, were lying on the floor.

Every now and then you'd see a hand snake up over the edge of the table, grab a handful of stuffing, then dart back under the table again, after which you'd hear chewing, then swallowing, then the sound of digestive organs rupturing.

Some guests have to be rushed by ambulance to the hospital, receiving pumpkin pie intravenously en route.

Ah, yes. Moist, tender turkeys the size of Arnold Schwarzenegger.

The question is: How is Arlene able to prepare such an amazing feast for so many people? The answer is simple: I have no idea. I'm always watching football when it happens. But my point is that, if you want to provide your guests with a delicious meal, one approach would be to go to Arlene's house and steal some of her food when she's busy churning the butter.

If you prefer to do your own cooking this Thanksgiving, your first step is to calculate how much turkey you need. Home economists tell us that the average 155-pound person consumes 1.5 pounds of turkey, so if you're planning to have 14 relatives for dinner, you'd simply multiply 14 times 1.5 times 155, which means your turkey should weigh, let's see, carry the two... 3,255 pounds. If you can't find a turkey that size, you should call up selected relatives and explain to them, in a sensitive and diplomatic manner, that they can't come because they weigh too much.

In selecting a turkey, remember that the fresher it is, the better it will taste. That's why, if you go into the kitchen of top professional homemaker Martha Stewart on Thanksgiving morning, you'll find her whacking a live turkey with a hatchet. In fact, you'll find Martha doing this every morning.

"It just relaxes me," she reports.

Your other option is to get a frozen turkey at the supermarket. The Turkey Manufacturers Association recommends that, before you purchase a frozen bird, you check it for firmness by test-dropping it on the supermarket floor — it should bounce three vertical inches per pound — and then take a core sample of the breast by drilling into it with a 1/4-inch masonry bit until you strike the giblets. If supermarket employees attempt to question you, the Turkey Manufacturers Association recommends that you "gesture at them with the drill in a reassuring manner."

Be sure to check that bird for firmness by dropping it on the floor.

"If you see spiders nesting in your turkey," states the Turkey Manufacturers Association, "you waited too long."

Once the turkey is defrosted, you simply cook it in a standard household oven at 138.4 degrees centimeter for 27 minutes per pound (29 minutes for married taxpayers filing jointly). Add four minutes for each 100 feet of your home's elevation above sea level, which you should determine using a standard household sextant. Inspect the turkey regularly as it cooks; when you notice that the skin has started to blister, the time has come for you to give your guests the message they've been eagerly awaiting: "Run!" Because you left the plastic wrapper on the turkey, and it's about to explode, spewing out flaming salmonella units at the speed of sound.

As you stand outside waiting for the fire trucks, you should take a moment to count your blessings. The main one, of course, is that you will definitely not be asked to host the big family Thanksgiving dinner next year. But it's also important to remember — as our Pilgrim forefathers remembered on the very first Thanksgiving — that an excellent name for a rock band would be "The Turkey Spiders."

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Tom Wolfe Lets His Red Dog Slip the Leash

By Peter Applebome
New York Times Service

NEW YORK — There was a moment after the salmon with Brittany sea salt at the pillow corner banquet at the Carlyle, after the triumphant stroll up Madison Avenue, where East Side matrons swooned like teenagers spying Leonardo DeCaprio, after the brief tour of the 12-room symphony of mahogany and double-beveled glass where he lives, when, out of the blue, Tom Wolfe sounded like a man ready to let his red dog slip its leash.

The unleashed red dog in Wolfe's new novel, "A Man in Full" (Farrar, Straus & Giroux), is a metaphor for breaking out of type, taking a mad dash on the wild side, as the novel's cautious banker Raymond Peepgass does in cooking up a felonious get-rich scheme.

So it seemed so un-Wolfean as to be almost Wolfean when he began preaching the virtues of teaching his son to hunt, sounding like some old boy in muddy fatigues contemplating the apocalypse in Valdosta or Spartanburg.

"The day will come, inevitably, maybe it's the Y2K, when only the grandmothers will have the skills to deal with life on another basis: no computers, hunting for food," he said. "It's not going to happen anytime soon, but it could happen. What if two weeks from now the food supplies were all cut off? People are throwing their hands in the air, saying: 'This can't happen! Where's my congressman?' And it turns out he's out in the woods somewhere."

The vision emerges like a scene from a bad Tom Wolfe parody: the author in his trademark cream-colored double-breasted serge suit and matching vest, his two-tone shoes and white cotton handkerchief with brown selvage design, his silver hair shockingly touched and his blue eyes bloodshot, lurching up Fifth Avenue past the Pierre

with a shotgun in search of who knows what for dinner. Wild turkey! Brown bear!

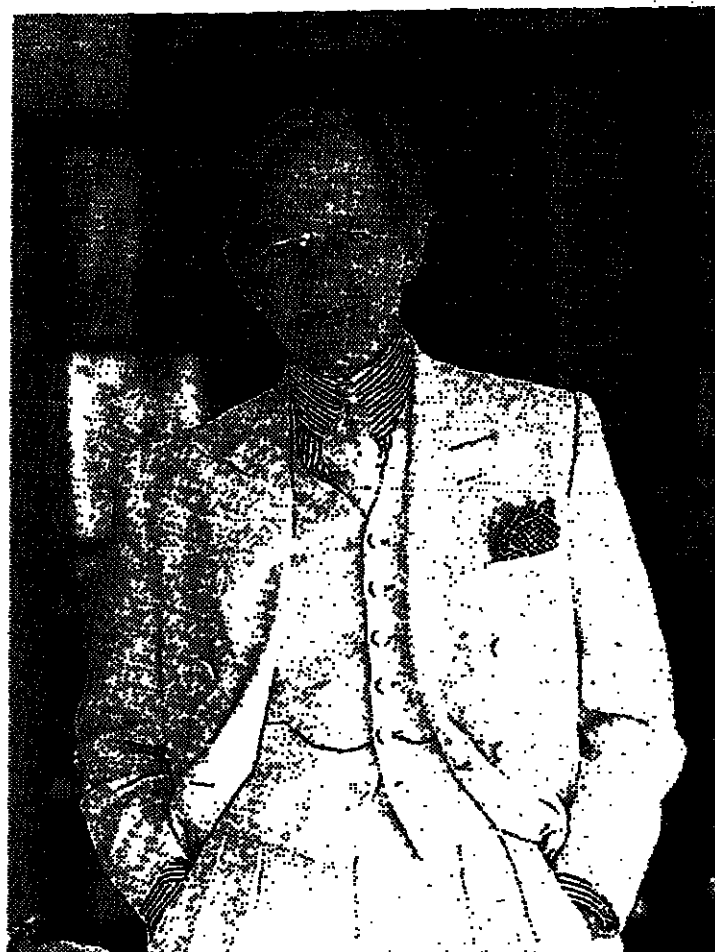
Aside from this one digression, he played relentlessly to type, modest, soft-voiced and unfailingly polite ("Shall we take the air?" he inquired as he finished his coffee), like the refined Richmond boy he still is at heart.

But if his red dog tends to run loose in his writing and not, not publicly anyway, in his life, "A Man in Full" presents an intriguing window for looking beneath Wolfe's familiar urban-dandy exterior.

In the book, his second novel, Wolfe goes south to the plantations, bank towers and strip malls of Georgia and particularly the wealthy Atlanta of the leafy, sumptuous Buckhead neighborhood, where "the lawns rose up from the street like big green breasts." It is also, in many ways, a trip home for Wolfe, who grew up the grandson of a Confederate soldier in Richmond, went to school at the Southern gentleman's redoubt at Washington and Lee University, and whose dress, manners, work and worldview bear the unmistakable mark of the South's most aristocratic state.

Thomas Kennerly Wolfe Jr. was born in 1930 into an old Virginia family at a time when the Civil War was still as much a part of Richmond as the Confederate statues on Monument Avenue. His father, whose Virginia roots go back to 1710, was an odd Southern hybrid of agronomist, teacher and businessman who taught at Virginia Polytechnic Institute, edited a publication called The Southern Planter and ran a company, Southern States Cooperative, that became a Fortune 500 company. His mother, Helen Perkins Hughes Wolfe, came from an old Virginia family as well.

And Wolfe grew up with a sense of entitlement so profound that each night when he got down on his knees to pray, he began by thanking God for the miraculous gift of his place of birth.



Wolfe's book offers a look beyond the familiar urban dandy.

Wolfe strayed from the steamy Eden of his youth, but his friends say that to understand his work — the (dare one say?) cavalier detachment from the passing parade; the acerbic skewering of most elements of modernism from art to architecture; the conservatism about politics, art and race; the withering disdain for what he calls the "intellectual etiquette" of liberal Manhattan — one need only think of Wolfe not as

dandy or New Journalist or satirist, but as Virginian.

"It's what he's all about," said Ed Hayes, a Manhattan lawyer who says he is the model for Killian, the defense lawyer in Wolfe's first novel, "The Bonfire of the Vanities." "Tom doesn't talk about this stuff publicly, but he has this Scotch-Irish sense of honor, of duty, of family, about masculinity. He's the grandson of a Confederate rifleman and grew up with

the sense of the Lost Cause; of glorious doomed charges at Gettysburg; of a sense of personal honor and what constitutes masculinity that has largely been rejected by the urban intellectual elite of the Northeast."

Of course, one person's noble lost cause is another's slaughterhouse over slavery. And Wolfe clearly sees the South more as something that shaped him than as something he is unduly taken with today. Despite his claim to being taken with Atlanta's "hypnotic" business culture and incessant chatter about being world-class, what he seems to like best about the South is what used to be there, like the view from his Richmond window or the seemingly genetic grace and courage of his mostly Southern flyboys in "The Right Stuff."

While some readers have portrayed the book as a devastating evisceration of Atlanta's New South pretensions, he insists his only agenda is getting it right: from real-estate machismo to stud-farm machismo, from the delicate negotiations of race to the latest trophy-wife fashions.

It was probably inevitable that Wolfe, after 11 years of work sandwiched around a 1996 heart attack that almost killed him, preferred to see the book as a triumph of craft rather than a grand vessel of significance.

After all, he has been preaching the gospel of artful, imaginative reporting as high art — fiction or nonfiction — since the 1960s. Critics can argue over whether he is a modern Dickens, Balzac or Zola or merely the possessor of perhaps the whitest, most merciless, reportorial eyes of his time. But his second novel at least validates him as a player in both the New Journalism and the old fiction.

"It's probably foolish to say this, but I feel more fireproof now than I ever did," he said. "What's the old song? 'They Can't Take That Away From Me'? It's how I feel."

PEOPLE

ABOUT 2,000 mourners turned out Friday to bid farewell to Jean Marais, one of France's most beloved actors, who was buried in a simple cemetery on the French Riviera. The voice of Marais, who died Sunday at age 84, resounded through St. Anne church, where village friends and actors paid tribute: "Give up! Let go! Life is dead! Long live life!" Spoken by Marais in the prime of his long career, the words were penned by his longtime companion, the surrealist artist and poet Jean Cocteau, who died in 1963, and replayed at the service. "Having entered into the realm of poets, heroes and sacred monsters, he gave more than 60 years of his life to the theater and the cinema," Culture Minister Catherine Trautmann said in a tribute to a man she described as "inspired, passionate and rigorous." Among the mourners were the actors Jean-Paul Belmondo and Michele Morgan, and local artists and friends. Marais was buried in the cemetery of Vallauris, where he spent the last years of his life learning sculpture and ceramics.

MTV Europe viewers picked the Spice Girls for the second time in a row as best group of the year at the celebrity-laden fifth annual MTV Europe music awards held in Milan. The Spice Girls beat out All Saints, Backstreet Boys, Beastie Boys and Garbage for the best group award. They also won the award for best new pop album. Robbie Williams won for best male singer, and Madonna picked up the award for best female singer.

A self-portrait by Jean Michel Basquiat that depicts the

artist at 21 holding a spear in his left hand, his masked face drawn flat, brought a staggering \$3.3 million at Christie's sale of contemporary art, a record for the 1980s graffiti artist. Five bidders fought for the painting, with its dramatic gray and black brush strokes, driving the price to more than five times its high estimate of \$600,000. The winner, who bid by telephone, was identified only as an anonymous collector.

Peter Arnett is returning to the airwaves, four months after nearly losing his job in the fallout over CNN's retracted story about nerve gas use in Vietnam. Arnett has filmed six reports on the civil war in Algeria, which are due to air soon. "It was mutually agreed that we needed to let some time pass and find some appropriate stories for him to cover," a CNN spokesman said. Arnett has not been on CNN since a follow-up report in June on Operation Tailwind. He narrated CNN's original Tailwind story in May that alleged U.S. forces used the deadly gas sarin in a 1970 mission to hunt down defectors in the Vietnam War. The story angered the military, and CNN concluded that the story could not be proved.

Paul McCartney said he will dedicate his honor from the Rock and Roll Hall of Fame to his late wife. The former Beatle is to be inducted into the Hall of Fame as a solo artist. He is already in the hall as a member of the Beatles. "I am very excited and honored," McCartney said. "Rock and roll has played a huge part in my life and in that of my lovely Linda — so this one's for her." Linda McCartney died of breast cancer in April.



Jean Marais's adopted son, Serge, and other mourners watch as the actor's casket is taken for burial.

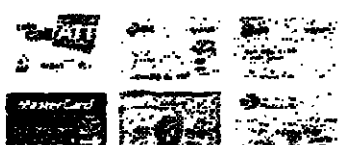


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